

# The NATIONAL UNDERWRITER

## SOUND STOCK COMPANY INDEMNITY

*Stock fire insurance as an institution has met every emergency and catastrophe which has visited this country. Stock fire insurance has been elastic enough to relieve the business interests of this country of every conceivable risk which changing conditions have developed. We refer to War Risks, Strike and Riot, Explosion, Hurricane and Earthquake. Stock fire insurance is a business stabilizer and shock absorber. Stock fire insurance wears well and serves well.*

### STATEMENTS OF JUNE 30, 1936

	Capital	Assets	Liabilities	Surplus to Policyholders
*UNITED STATES FIRE INSURANCE COMPANY..... Organized 1824	\$2,000,000	\$31,388,432.08	\$11,309,732.97	\$20,078,699.11
*THE NORTH RIVER INSURANCE COMPANY ..... Organized 1822	2,000,000	22,498,583.23	6,718,906.82	15,779,676.41
*WESTCHESTER FIRE INSURANCE COMPANY..... Organized 1837	1,000,000	18,258,702.07	7,373,166.90	10,885,535.17
THE ALLEMANNIA FIRE INS. CO. OF PITTSBURGH.. Organized 1868	1,200,000	5,325,806.04	1,691,686.43	3,634,119.61
*RICHMOND INSURANCE COMPANY..... Organized 1907	1,000,000	4,675,418.68	1,341,284.95	3,334,133.73
WESTERN ASSURANCE CO., U. S. Branch..... Incorporated 1851	400,000**	4,276,298.72	1,551,472.53	2,724,826.19
BRITISH AMERICA ASSURANCE CO., U. S. Branch.... Incorporated 1833	200,000**	2,873,248.24	854,148.83	2,019,099.41
SOUTHERN FIRE INSURANCE CO., Durham, N. C..... Incorporated 1923	200,000	1,503,975.68	448,240.76	1,055,734.92

\*Company operates under Section 130-1-2 of the New York Insurance Law.  
\*\*Statutory Deposit—New York Insurance Law.

## CRUM & FORSTER MANAGERS

110 WILLIAM ST.

WESTERN DEPT.  
FREEPORT, ILL.

PACIFIC DEPT.  
SAN FRANCISCO

SOUTHERN DEPT.  
ATLANTA

ALLEGHENY DEPT.  
PITTSBURGH

NEW YORK  
CAROLINAS DEPT.  
DURHAM, N. C.

ILLINOIS AGENTS CONVENTION

THURSDAY, NOVEMBER 19, 1936

# PUBLIC ENEMY

No 4

## Personal Accident



Home—a haven of rest, peace, safety! Yet even here lurk DANGER and FATALITY—nearly a third of all fatal accidents and approximately half of all disabling accidents in the United States occur beneath the family roof-tree.

Safeguard the home as best we can, still the DEMONS of misfortune and disaster are ever on the alert for carelessness or oversight, with far-reaching consequences in personal suffering and financial loss that only adequate INSURANCE can mitigate.

### LOYALTY GROUP

Firemen's Insurance Company of Newark, New Jersey—ORGANIZED 1855

The Girard Fire & Marine Insurance Co. ORGANIZED 1853  
 The Mechanics Insurance Co. of Philadelphia " 1854  
 Superior Fire Insurance Company " 1871  
 The Metropolitan Casualty Insurance Co. of N.Y. " 1874

Milwaukee Mechanics' Insurance Company ORGANIZED 1852  
 National-Ben Franklin Fire Insurance Co. " 1866  
 The Concordia Fire Insurance Co. of Milwaukee " 1870  
 Commercial Casualty Insurance Company " 1909

**WESTERN DEPARTMENT**  
 844 RUSH STREET, CHICAGO, ILLINOIS  
**CANADIAN DEPARTMENT**  
 461 BAY STREET, TORONTO, CANADA

**EASTERN DEPARTMENT**  
 10 Park Place  
 Newark, New Jersey

**PACIFIC DEPARTMENT**  
 220 BUSH STREET, SAN FRANCISCO, CAL.  
**SOUTH-WESTERN DEPT.**  
 912 COMMERCE STREET, DALLAS, TEXAS



## YOU'LL GET YOURS!

Not in the neck like the Thanksgiving turkey — but in the pocket in the form of increased premium income — if you devote more effort to the many lines of insurance often overlooked in the agent's production program.

The new Supplemental Contract, Business Interruption, Rental Value, Personal Effects, Parcel Post, Fidelity Bonds, Personal Accident and Boiler insurance are just a few of the good premium building lines which perhaps you have not been pushing.

Yes, you'll get yours and have something to be thankful for, if you make up your mind to go after *all* the business it is possible to write.

PROVED BY THE ACID TEST OF TIME



### *America Fore Insurance and Indemnity Group*

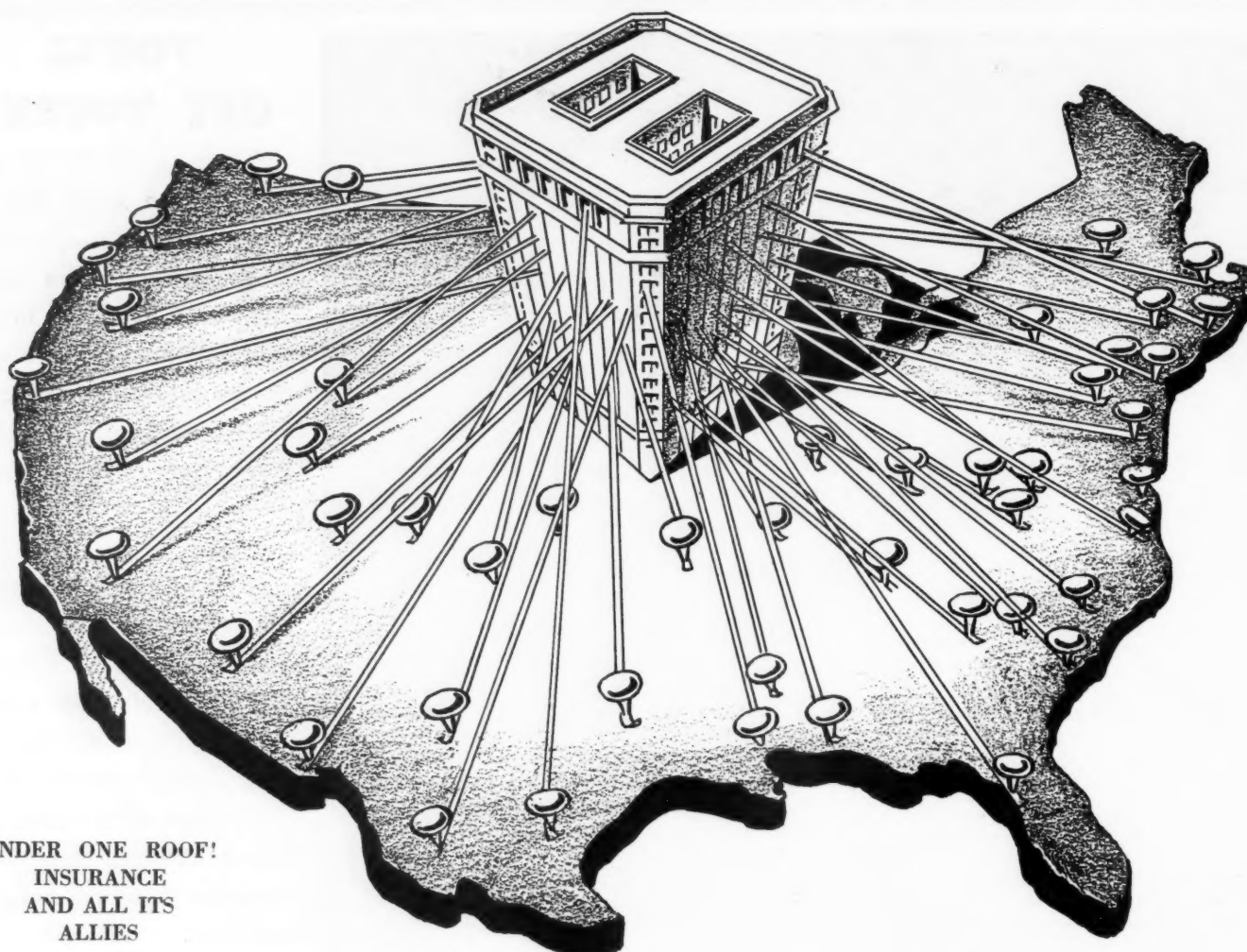
THE CONTINENTAL INSURANCE COMPANY  
FIDELITY-PHENIX FIRE INSURANCE COMPANY  
NIAGARA FIRE INSURANCE COMPANY  
AMERICAN EAGLE FIRE INSURANCE COMPANY  
FIRST AMERICAN FIRE INSURANCE COMPANY  
MARYLAND INSURANCE COMPANY OF DELAWARE  
THE FIDELITY AND CASUALTY COMPANY

ERNEST STURM, Chairman of the Board  
BERNARD M. CULVER, President

*Eighty Maiden Lane, New York, N.Y.*

NEW YORK CHICAGO SAN FRANCISCO

ATLANTA DALLAS MONTREAL



UNDER ONE ROOF!  
INSURANCE  
AND ALL ITS  
ALLIES

Fire  
Casualty  
Marine  
Inland Marine  
Life  
Accident  
Aviation  
Adjusting  
Appraising  
Insurance Attorneys  
Ins. Governing Bodies  
Home Offices  
Branches  
and  
Agencies

**175** W. JACKSON BLVD., *Chicago*

The address synonymous with insurance, not only in Chicago and the middle west but also the entire country. Just as all roads led to Rome in ancient days so today the manifold insurance activities housed in the Insurance Exchange Building radiate to every corner of the nation. It is human nature to want to be in the center of things. More than that, it's more efficient, more economical and more convenient. In short, it's good business.

If your Chicago insurance office is not now located in the Insurance Exchange Building it will pay you to communicate with E. W. Rinder, Manager.

**INSURANCE EXCHANGE BUILDING**  
**175 WEST JACKSON BOULEVARD**  
**CHICAGO**

E. W. RINDER, *Manager*

R. C. SWANSON, *Asst. Mgr.*

WEEKLY  
NEWSPAPER  
OF  
INSURANCE

# The NATIONAL UNDERWRITER

Fortieth Year—No. 47

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, NOVEMBER 19, 1936

\$4.00 Per Year, 20 Cents a Copy

## Technicians Meet on Crop Coverage

Insurance Men Confer with Government, Farm Experts on Formula

### MAIN OUTLINE KNOWN

Vanderbilt, Cullison, Gruhn Among Those Who Participated in Second Washington Parley

The technical committee of four insurance men, two representatives of the farm organizations together with government experts, had a session in Washington Monday to carry forward in greater detail plans for a crop insurance bill. Among the insurance men present were W. S. Vanderbilt, assistant secretary of the Hartford Fire; James B. Cullison, Jr., of Chicago, manager Rain & Hail Bureau, and A. V. Gruhn, manager American Mutual Alliance.

At the conference in Washington on Nov. 5 with fire insurance executives, the subject of crop insurance was covered in rather general terms and the decision was made to have a technical group set up to ponder the details. It was this group that met in Washington Monday. The services of the insurance representatives are being loaned to the government. There is very little likelihood that insurance companies will participate in any way in the crop insurance plan. As a matter of fact, the private insurance companies may lose some of their hail business if the federal crop insurance plan goes through.

### Many Details Undecided

The government experts apparently are pretty well decided upon a formula for crop insurance, but there are a good many details yet to be worked out.

Crop insurance may be launched only for wheat, with corn and cotton being brought in later. It would be tied up with a soil conservation plan. The farmer would be guaranteed recovery of 50 percent, 66⅔ percent or 75 percent of his average annual production over a period of six or 10 years. The farmer's own experience would largely determine his own rate. The farmer's own experience would be given a credibility factor of 50 percent and the county experience would modify the individual rates. It is intended that the farmer over a period of years pay to the government about as much as he gets back. It is really a form of enforced self insurance. The "premium" would be adjusted annually, according to the experience of the previous year.

The government experts believe that the rates for this cover will run in some localities as high as 50 percent of the recoverable benefits whereas in other localities the rate may be as low as 2 to 8 percent.

Premiums would be paid in kind and  
(CONTINUED ON PAGE 20)

## Missouri Department Has Taken Over the Reciprocal

### ACTION PROTECTIVE MEASURE

Manufacturing Lumbermen's Underwriters Is Hard Hit by Cancellation and Demand for Return Premiums

KANSAS CITY, Nov. 18.—The Missouri insurance department has taken over temporarily the Manufacturing Lumbermen's Underwriters which has lost much money recently and its surplus has been reduced. Superintendent O'Malley took charge as a "protective measure" as he found there were many damaging rumors which were undermining the institution. Judge Bird of the circuit court issued an order and a hearing will be held this week. The court order also embraced the Rankin-Benedict Underwriting Company as attorney-in-fact.

### Statement by O'Malley

Superintendent O'Malley issued the following statement:

"Conditions have arisen in the affairs of the Manufacturing Lumbermen's Underwriters, resulting in rumors which have become somewhat widespread, thereby causing some impairment of confidence, which has created a situation which I think can be saved by the action I have taken. We are protecting the assets of the company's business from demands that are invariably made when unfavorable rumors are in circulation regarding any financial institution. Business will be conducted without interruption," he continued, "except that new business will not be accepted while the present proceedings are pending."

"The officers of the Rankin-Benedict Company and the advisory committee have given me assurance that the exchange is solvent."

### Opposition to Reinsurance Plan

Attempts have been made to reinsure the reciprocal in the Atlas Mutual, which is controlled more or less by Rankin-Benedict. There was considerable opposition to this although the contract had been drawn up by the attorney-in-fact. The advisory board, however, is split on the proposition. In the petition to the court to take over the reciprocal, Superintendent O'Malley stated that there were many adverse rumors resulting in telegraphic and written demands for immediate cancellation of contracts with return of unearned premium and accumulated surplus. The license of the reciprocal has been suspended in four states. The Missouri department will have Oklahoma, Iowa and Illinois associated with it in examining the concern.

### Conferences Were Held

The advisory committees of the Manufacturing Lumbermen's Underwriters and of the Lumbermen's Underwriting Alliance had some conferences and worked out a program for disposing of the business of the former reciprocal. U. S. Epperson Underwriting Company is attorney-in-fact for Lumbermen's Underwriting Alliance. The proposal was for Lumbermen's Underwriting Alliance to take over the lumber business of Manufacturing Lumbermen's Underwriters and dispose of the so-called outside

(CONTINUED ON PAGE 20)

## Actual Machinery of Social Security Now in Motion

### EMPLOYERS RECEIVE BLANKS

Status of Commissioned Agents Still Undetermined—National Board of Fire Underwriters Issues Bulletin

In view of the fact that the postoffice department this week distributed the employer's application for identification number in connection with the old age pension provision of the social security act, the National Board of Fire Underwriters prepared a bulletin advising members on what procedure to follow. Every person or organization which is an employer of one or more individuals who perform services not exempted in "employment" as defined in the act, on Nov. 16, must complete and return such application on or before Nov. 21 in an unstamped, sealed envelope to the local postmaster. If the employer has more than one establishment, that is, separate places of employment, a separate application must be filed for each establishment.

The National Board expresses the belief that this means, in the case of insurance company representatives employed elsewhere than at the home office and not having any individual working for them, that their offices need not be considered as separate establishments, but they should be considered as employees of the home office or department responsible for the salary deduction.

### Both Employer and Employee

An office must be treated as a separate establishment if such representatives employ help and pay them, even though reimbursed by the company, since they then become employers and must comply with the requirements of employers in addition to their individual status as employees of the company.

The employee's application for account number will be distributed, commencing Nov. 24, by the local postmaster through the employer to employees. These blanks must be filed before Dec. 5. An account number will be assigned to each individual and cards will be returned to each applicant. These must be countersigned by the individual. The employee should advise his employer of his account number and should do so every time he changes employment.

A bulletin to life insurance companies deals with the matter of the status of commissioned agents. Their status is as yet undetermined. Line 4 in the em-

(CONTINUED ON PAGE 14)

## Expect Others to Follow Vick's Lead

Two More Investment Trusts May Reincorporate Under Insurance Laws

### STUDY THE IMPLICATIONS

If Movement Grows, Government May Seek to Impose Profits Tax on All Insurers

The Vick Financial Corporation, which is contemplating reincorporating as a reinsurance company, has decided, it is understood, slightly to change the original title that was selected. Instead of Reinsurance Corporation of America, the plan is to call the reincorporated body the Reinsurance Corporation of New York. A meeting of stockholders is being held Dec. 10 to act upon the proposal.

News of the intention of Vick Financial Corporation to reincorporate as an insurer was followed by reports that at least two other such metamorphoses are in the making. The rumors in New York are that a marine reinsurance corporation is going to spring from another investment trust and that a casualty reinsurer of this kind is also in the making. Various Italian interests are reported to be concerned in the marine reinsurance move.

### Undistributed Profits Tax

It is taken for granted that the primary purpose of these reincorporations is to avoid the undistributed profits tax, since insurance companies are not subject to this levy. The promoters apparently believe that they could not succeed by merely setting up an insurance company, unless they also went through the motions of doing an insurance business. That is the government would undoubtedly step in to prevent holding companies reincorporating under the insurance laws, without any intention of doing an insurance business. The problem then is how to engage in the insurance business without taking the insurance risk or incurring the insurance expenses.

Reinsurance of the excess of loss variety apparently offers the answer. In this form of cover, the reinsurer pays usually 90 percent of the losses above the net retention of the direct writing company. For this excess of loss cover a flat premium is charged, being a percentage of the premium of the direct writing company. That premium charge is adjusted annually down to a certain possible minimum and up to a certain possible maximum, depending upon the loss experience of the previous year. It is usually written for a five year term. This cover was developed and promoted in this country by the late Guy Carpenter and his business is being perpetuated by George G. Nichols. The Carpenter organization places these contracts

(CONTINUED ON PAGE 20)

Illinois Association  
of Insurance Agents

Insert on Pages 25-30

## Cooperatives' Aims Told at Marketing Conference

NEW YORK, Nov. 18.—The real challenge to the established order of doing business is not the consumer cooperative movement but the job of serving humanity better, D. Murray Lincoln, executive secretary Ohio Farm Bureau Federation, told the marketing conference of the American Management Association. Mr. Lincoln's organization owns and operates the Farm Bureau Mutual Automobile and the Farm Bureau Mutual, a fire company, and controls the Cooperative Life of Columbus, formerly the American Insurance Union.

### Interest to Insurance People

The cooperative movement is of interest to the insurance business not only because of direct competition, but because it is an integral part of its plan to establish insurance companies and savings banks so that cooperative ventures may be financed without being dependent upon institutions which would presumably be more sympathetic to private profit businesses. While the incentive for cooperatives to go into other businesses is solely to furnish goods and services at lower than existing prices, in the case of insurance there is the additional motive of supplying financial sinews for other cooperative enterprises.

### Movement Not Radical

The cooperative movement is in no sense a radical or socialistic one, Mr. Lincoln emphasized. It proceeds solely from the belief that the cost of distributing commodities is out of proportion to the cost of producing them. He envisioned a very large cooperative development in the United States and alongside of it the present highly organized private profit structure. On the outskirts of both will be the smaller individualistic enterprises. All of these will serve as checks and balances on the others, he predicted.

"There is no question but what private companies can and will successfully compete with cooperatives," he said. "Much about the bugaboo of the co-ops in articles that are now appearing in various business papers appears to some as almost childlike in lack of real appreciation of the factors involved. No one who is practical visions a time when all business will be done cooperatively. Even though it might be best in the long run, it will not be accomplished while you and I are on earth."

### Acts as Yardstick

"In fact, a cooperative needs to do only a certain percentage of the business in each line, although it may vary in certain lines. That sets up standards that others must equal or better, or the co-op gets the business. And cooperatives are also strengthened by the competition of private industry."

As Mr. Lincoln outlined the broad problem of distribution of goods and services, the cooperatives, by directly and indirectly getting better purchasing power for the people in the low income group will help stave off demands by these classes that the government do something to better their economic conditions. The private business man has an interest in this, since greater efficiency and the elimination of waste mean a wider market for all products, not only those marketed by the cooperatives but by private businesses as well.

### Must Aid Low-Income Groups

"I believe that unless we can find some way to get more money back into the hands of the low income group, America is going to be faced with a whole lot of problems," Mr. Lincoln declared. "People are willing to pay a fair price and no more. We have got to find methods of matching mass distribution to mass production."

Mr. Lincoln cited figures based primarily on Dun & Bradstreet's, showing that for many of the commodities

which the consumer buys he pays considerably more for distribution than the articles cost to produce. For each \$10 spent for such articles as meat, lumber, hardware, furniture, auto accessories, plumbing, refrigerators, electric appliances, jewelry, and drugs, the cost of distribution ranges from \$5.32 for meat to \$8.20 for drugs.

### Must Train Own Executives

Cooperatives have no difficulty in attracting and holding men of high managerial ability, Mr. Lincoln said, but they do not usually come from similar lines of private business. The great majority of those who have come over have not worked out satisfactorily, he said. The cooperative's best bet appears to be to train its own executives from the ground up. Mr. Lincoln discounted the necessity or the possibility or even the probability of inordinate money income as the only motive which impels men or women to do something. The desire to help abolish poverty can be just as compelling as the desire for extraordinarily large incomes, he said.

Percy S. Brown, secretary-treasurer Consumer Distribution Corporation, also spoke on the future of the cooperative movement.

### Collins With Kansas City F. & M.

KANSAS CITY, Nov. 18.—Harry D. Collins, for nine years special agent of the North America in Illinois and southeastern Ohio, has been named state agent for Illinois by the Kansas City Fire & Marine.

Mr. Collins will headquarter for the present in Chicago. He succeeds Elmer R. January, who resigned some weeks ago to enter law business in Missouri. Mr. Collins started in the insurance business in 1920, with the American Central, at the home office. He was in the office of the special agent of

## Host Commissioner



U. A. GENTRY

U. A. Gentry, who will be the host commissioner at the forthcoming mid-winter meeting of the National Association of Insurance Commissioners in Hot Springs, Ark., this week announces the various entertainment features. The officials and the camp followers are anticipating an enjoyable convention in a hospitable state with a hospitable host in charge.

the National of Hartford at St. Louis for some time, and then in the St. Louis office of the Automobile of Hartford.

### To Discuss Mutual Competition

MILWAUKEE, Nov. 15.—At the Milwaukee Board monthly dinner meeting Thursday evening, President L. C. Hilgemann, Leedom, O'Connor & Noyes, will lead a discussion on mutual competition.

## Pearl's Management Is Now Being Centralized in N. Y.

### MOVE CLEVELAND OPERATIONS

P. H. Mell at Philadelphia Is Given Control of Nine Southern States and Part of New Jersey

The agency department of the Pearl, Eureka-Security F. & M., and Monarch Fire is now being removed from Cleveland to 80 John street, New York.

At about the same time, the business of these companies in seven southern New Jersey counties and nine southern states is being transferred to P. H. Mell, Philadelphia manager. He will have supervision of that business henceforward. The states under his control will be Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Louisiana, Mississippi and Tennessee. The New Jersey counties for which he will be responsible are Mercer, Hunterdon, Atlantic, Cape May, Salem, Gloucester and Burlington.

### Management Heretofore Divided

Since 1934, the management of the three companies has been divided between New York and Cleveland. The office of the United States general agents, Stevens & Hopps, and the office of United States Manager C. S. Conklin have been in New York and the executive management and management of the brokerage department have been conducted from New York. The agency department including all accounting and statistical work has been conducted at Cleveland.

The consolidation of these two offices in New York, the management states, will effect a unified control and supervision under the executive management in New York.

## Sturgeon Sees 3 Jobs for the Agents of Connecticut

Three objectives are ahead for the Connecticut Association of Insurance Agents, T. A. Sturgeon declared in his presidential message at the annual meeting in New Haven. A compulsory automobile insurance bill in the next legislature must be defeated. Commissions on state fire insurance business must be obtained and there must be "absolute solidification of the agency forces in this state into this association."

Mr. Sturgeon urged employment of a salaried non-agent secretary. If this cannot be financed by Connecticut alone, he suggested that Connecticut and Massachusetts jointly employ a secretary.

Progress, he said, has been made in developing a solid group in Connecticut. Evidence of this is the fact that the local boards of Greenwich and Stamford adopted the coextensive rule. The New Haven board is working on a similar amendment.

He condemned stock surety companies for issuing qualifying bonds for non-stock carriers. He predicted that a solution will be found to the financed automobile problem. He expressed the belief that the Business Development Office will prove most helpful.

### O. H. Anderson Succumbs

SPRINGFIELD, O., Nov. 19.—O. H. Anderson, president Barnett-Anderson agency, died at his home here after a long illness. Many years ago he was associated with the J. S. Elliott agency. Barnett-Anderson being organized in 1902. H. W. Barnett, Jr., who entered the agency in 1932 and who has been the active partner the past few years, will operate it. V. F. Trout, another partner, is inactive. Mr. Anderson was a Mason and was president of the Springfield Federal Savings & Loan.

## THE WEEK IN INSURANCE

Study is made of the implications of the move of the **Vick Financial Corporation** looking to reincorporation under the insurance laws. **Page 3**

Insurance subcommittees meet with government and farm experts on details of **crop insurance scheme**. **Page 3**

Actual machinery of the **social security act** is now in motion. **Page 3**

The **Manufacturing Lumbermen's Underwriters** of Kansas City has been placed temporarily in the hands of the Missouri insurance department for disposition. **Page 3**

Harry R. Talmage elected president of **Arizona agents** at annual meeting. **Page 8**

Many complaints still pour in regarding the operations of the **Associated Adjusters** of Milwaukee. **Page 5**

**W. J. Sonnen**, manager of the Chicago department of the St. Paul Fire & Marine, is being retired by his company at the close of the year. **Page 5**

Much interest is taken in the rumor that the **Valentine law in Ohio** may be challenged by the companies prohibiting combinations to agree on commissions. **Page 6**

Objectives of **consumers cooperatives** are outlined by leaders in the movement at American Management Association marketing conference. **Page 4**

The **agricultural committee** of the National Fire Waste Council and farm fire protection committee of the N. F. P. A. will meet in Chicago. **Page 19**

**Business Interruption Insurance** important protection for lines of credit, Vice-president Falls, American of Newark, tells New Jersey group. **Page 6**

Annual meeting of the **Illinois Association of Insurance Agents** is held this week at Peoria, Ill. **Page 25**

**Charles F. Liscomb** of Duluth, chairman executive committee National Association of Insurance Agents, speaks before the Illinois association. **Page 25**

**F. J. Badeller** of Rock Island presents his annual report as president of the Illinois Association of Insurance Agents at the annual meeting. **Page 25**

**W. L. Falk** of New York City, superintendent of the brokerage department of the Royal-L & L & G. group, talks before Illinois local agents on "Mutual and Reciprocal Competition." **Page 26**

Vice-president **J. C. Heyer** of the Commercial Casualty and Metropolitan Casualty speaks before the Rochester (N.Y.) Underwriters Board. **Page 47**

**Casualty Actuarial Society** holds annual meeting, elects Leon S. Senior, general manager New York Compensation Insurance Rating Board, president. **Page 45**

**W. W. Greene**, president Casualty Actuarial Society, cites **state monopolistic funds** as warnings to those who believe that government should take over functions now handled by private business. **Page 47**

**Acquisition cost** in some casualty-surety lines still too high and must be reduced, Superintendent Pink of New York tells cost conferences. **Page 45**

Move to resubmit **compulsory automobile liability measure** in New York assembly seen with visit of joint legislative committee of Massachusetts. **Page 47**

Decision of New York court of appeals awards **National Surety Corporation** to Commercial Investment Trust on its bid of \$10,031,000 for entire stock. **Page 45**

## W. J. Sonnen Is to Retire at the Close of This Year

### HAS UNUSUAL PERSONALITY

**Has Been With the St. Paul Fire & Marine During His Entire Business Career**

W. J. Sonnen, Chicago, manager of the Chicago department of the St. Paul Fire & Marine, who is being retired by his company at the close of the year, is one of the most remarkable figures in the western fire insurance realm. A man of great industry, enthusiasm, robust in character, strenuous, restless, conscientious, big in heart as well as body, on the go at all times, he has long been a familiar man in the business. Undoubtedly Mr. Sonnen has got much satisfaction out of the many times he has given a helping hand to those in the business for which no bill was rendered. He is almost a reincarnation of the "good neighbor" symbol.

#### Compulsory Savings Societies

Years ago, back in 1911, he was active in promoting the famous compulsory savings society among insurance men and especially field men. Frequently Mr. Sonnen encouraged and almost forced many people that he thought were not sufficiently frugal to save money and to build a nest egg. A great number owe it to him that they did contract the habit of thrift. All along the way Mr. Sonnen has been helpful to those with whom he came in contact, ever ready to do something for someone else. His unselfish qualities have exhibited themselves in many directions. Pronounced in his views, decisive in his opinions, he has always been tolerant.

#### Started with the St. Paul F. & M.

Mr. Sonnen has never been with any other business organization than the St. Paul Fire & Marine. He is a native of New Ulm, Minn., having been born there April 23, 1862, and on leaving business college at St. Paul he went direct to the St. Paul F. & M. office. He gradually arose by dint of hard work and became chief clerk in 1887, serving until 1900 when he was sent to Chicago, first to become special and later state agent for Illinois and Iowa. Then he gave all his attention to Illinois. He has been manager of the Chicago office since 1915. Mr. Sonnen was an indefatigable worker in the field, was up early in the morning to see what could be done for his company and its agents. He served as president of the old Illinois State Board, being elected in 1909 and completing two terms. He was one of the early members of the Illinois Blue Goose, was most loyal gander for two years and in 1919 was most loyal grand gander.

#### Secretary Life Members Society

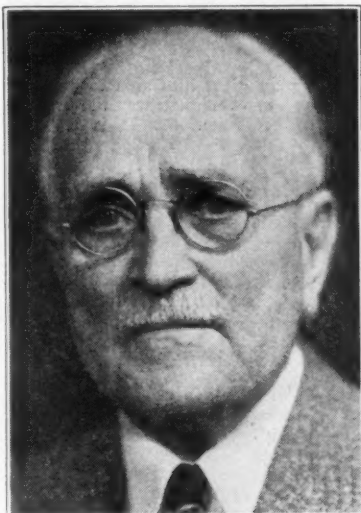
During recent years he has taken particular interest in the Life Members Society of the Northwest Association and was elected secretary and treasurer in 1931. He is practically the business head of that organization.

Mr. Sonnen will have desk room in his present office in the Insurance Exchange, Chicago, where he will continue some of his outside activities.

In later years he has become something of a traveler and has gone on a number of trips with Mrs. Sonnen. He became much interested in floriculture at his home in Evanston and there again he exhibited that liberal spirit that has characterized him so much as he insisted on giving bulbs, roots and plants to neighbors so that they could beautify their gardens.

**J. M. Biggs**, for the past 17 years in the insurance business in eastern Oregon, more recently in Hermiston, has opened an agency in Portland at 22 West 4th street.

## To Be Retired



**WILLIAM J. SONNEN**

**William J. Sonnen, veteran Chicago manager of the St. Paul Fire & Marine, will be retired at the close of the year.**

## Flat Cut of 15 Percent in Detroit Fire Rates Asked

DETROIT, Nov. 18.—The mayor's fire insurance committee made formal demand on the Michigan Inspection Bureau to grant a flat 15 percent reduction in fire rates for this city, asserting the belief fire companies made an "excess profit" of 19.43 percent in Michigan last year. The committee states further reductions should be made if justified by further analysis of experience.

#### Cites Small Loss Ratio

The committee bases its demand largely on the fact companies last year paid out only 35 percent of premium income from the state in losses, and during the past five years had average loss ratio of 45 percent in Michigan.

It is set forth that average fire loss in Detroit is steadily decreasing, as is average per capita loss; ratio of fire loss in Detroit to that in Michigan, ratio of fire losses in Detroit to gross risks written in Michigan. Net fire premiums in Michigan for the last five years increased in face of continued reductions in losses, the committee stated. Gross profits on fire insurance written in Michigan in 1935 is the largest in ten years except for the two boom years of 1928 and 1929, and ratio of net fire losses incurred to net premiums received the lowest in the state's history since insurance reports were first compiled in 1871, the committee added.

#### Bureau Engineer Disagrees

R. C. Loughhead, chief engineer Michigan Inspection Bureau, said the companies probably will turn down the request for reduction, which would likely put the matter up to the insurance commission. "We think the present rates are fair," said Mr. Loughhead. He disagreed with the committee's figures, saying his records show loss ratio for the past five years averages 47 percent instead of 45 percent, while 50 percent is the accepted "right" ratio rather than 55 percent which the committee believes to be correct.

The bureau does not favor reducing rates when there has been a favorable experience for only a few years, he said, since one bad loss might wipe out the margin entirely and force rate advances. He estimated Detroit's fire loss this year will be 30 percent higher than last year and said the average rate here is already 30 percent lower than in 1922, and Michigan's average rate is 15 percent below that for the country.

# Complaints Continue About Associated Adjusters Activity

Continued complaints come to THE NATIONAL UNDERWRITER regarding the Associated Adjusters, 617 North Second street, Milwaukee. This outfit is advertising in papers throughout the country, offering to assign losses to those who are on their credit list and charging \$5 for registration. A sample complaint comes from Cedar Point, Ill., for example. This agent was assigned a territory of 100 miles radius, and given exclusive authority. Already he has found 25 other adjusters in the same territory. He paid \$5 for literature and bond. He has written to the Associated Adjusters to have the \$5 refunded but no attention is paid to his letters. In their literature they claim that they will be able to assign losses amounting to as high as \$200 a month or so.

#### In Hands of Postal Authorities

The Madison, Wis., correspondent of THE NATIONAL UNDERWRITER furnishes the following information:

"The license of the Associated Adjusters to operate has been voluntarily surrendered, and the insurance department has no further jurisdiction over them. The matter is now in the hands of the postal authorities, and any complaints against the outfit should be filed with the Postoffice Department.

"The Associated Adjusters were under observation for practically one year. The insurance department has done everything it can. The department investigated this company about one year ago and at that time couldn't see any reason for withholding adjuster's license. But instead of using their license to adjust claims, the company simply flooded the country, and at the top of their letterhead stated that they were licensed by the Insurance Commission of Wisconsin," which, of course, gave them an added standing and rather emphasized their business.

"The insurance department was flooded with complaints about them. The

## Tells of California Plans for Restricting Licenses

SAN FRANCISCO, Nov. 18.—It is going to be harder for small local agencies, which do the bulk of their business on their own properties, to obtain a license to do business hereafter, H. B. Haas, administrative advisor of the California department, told the San Francisco Blue Goose. He explained that many questionnaires were sent to companies regarding the volume of business done by some agents, which created a doubt as to whether or not they should be relicensed.

#### Qualification Main Basis

In other cases, he said, the companies requested that the agents queried be licensed because of sentimental reasons, long terms of association and similar grounds more than upon volume. He said he doubted whether the commissioner can refuse to issue a license merely on the grounds of volume; that the law pertains to qualification rather than amount of time devoted by a man to his profession.

Prior to the opening of the next session of the California legislature the companies will be asked to "sit in" on a conference to prepare bills which will wipe out deficiencies in the present agency laws; to make some points more specific and to bring about some arrangement whereby the department can obtain greater revenues to replace the necessary funds lost when the agency license law was changed back in 1931 and which cut the income one-half while doubling the volume of work.

Mr. Haas was introduced by S. H. Beckett, veteran deputy commissioner.

Bureau of Better Business of Milwaukee investigated the concern and traced its career in the past in other lines. An order to show cause was entered, to show why the license should not be revoked. The concern voluntarily surrendered its license.

"The matter is now in the hands of the postal authorities, and the Wisconsin insurance department has no further jurisdiction over them. The Associated Adjusters Bureau is no longer licensed in Wisconsin. Just what the postal authorities are going to do is not yet known."

It would seem that the Associated Adjusters are not advertising or doing any business in Wisconsin or they could be reached by the insurance department, but are using the mails and advertising in local papers in other states for clients to whom they promise business.

#### ENGAGED IN OTHER ACTIVITIES

MILWAUKEE, Nov. 18.—The Associated Adjusters of this city has been under the scrutiny of the Better Business Bureau of the Milwaukee association of commerce for some time. The feeling here is that this outfit has about run its course so far as conducting an adjusters' bureau is concerned, but now is engaged in promoting a bureau of missing persons, also a candid camera stunt by which snapshots are taken of people on the street, who are then presented with a coupon to send in with 25 cents for a print.

#### Query Halted by Death

Postal Inspector Bates of this city, who was investigating the Associated Adjusters case, died recently and nothing more has been done. The Better Business Bureau sent out more than 3,000 reports on inquiries from all parts of the country. In most cases, after an explanation had been made, those who had spent their \$5 concluded that they might as well charge it up to experience rather than attempt to get it back.

## Wind Cover Is Not Likely to Fluctuate in Future

NEW YORK, Nov. 18.—With the sale of the supplemental contract becoming so general throughout the country and with the likelihood that the renewal record will be high, insurance observers anticipate that in the future when a heavy windstorm strikes a community that place will be well covered by windstorm insurance. In the past, before the days of the supplemental contract, the insurance companies escaped heavy loss in several windstorms by reason of the fact that few of the citizens carried windstorm insurance at the time. Perhaps in that particular place, years previously there had been a storm. Then the residents became liberal purchasers of windstorm insurance. As the years went by, however, and as there was no recurrence of a storm, the policies were not renewed. When the second storm did come, the people had very little protection.

#### May Run Different Courses

The supplemental contract, however, observers believe, is likely to run a different course. That contract is not being sold because of the happening of some object lesson, such as a windstorm. It is being sold as a bargain—a combination of covers that can be purchased for a small additional outlay. The public is being educated to accept the supplemental contract as a matter of course and the chances are that the renewal ratio will be very high.

## Ohio Agents Are Concerned About Reported Movement

### ARE BACK OF VALENTINE ACT

**Declare That the Offices Are Well  
Satisfied with the Effect  
of This Law**

COLUMBUS, O., Nov. 18.—Ohio agents are very much interested in the report that has been published that the companies may attack the constitutionality of the Valentine anti-compact law which prohibits combinations on commissions as well as rates. The Valentine law is regarded by many agents as one of the fundamental insurance structures of the state and has given Ohio a particular standing. If any action is taken in the court undoubtedly it will be carried to the United States Supreme Court, whoever loses in the lower court.

#### Agents Favor the Law

The Ohio Association of Insurance Agents is a very potent organization and is back of the Ohio insurance law as a body. Some of the officials do not take the rumor too seriously. Ohio, owing to the Valentine law, has not been subject to upheavals in agency representation as has been the case in other commonwealths. Perhaps 60 percent of the agencies are mixed in varying degrees. The state has two large "excepted cities," Cleveland and Cincinnati, where the agents are very firmly entrenched. The state is intensely cultivated, it has a number of good sized cities and many old and established agencies which would resent any interference with any kind of companies as to the representation. The agents have secured legal opinion and it has expressed itself as believing that the statute will be held constitutional.

The Ohio agents for the most part contend that they should have a right to choose which companies they will represent and they are protected by the Valentine law which prohibits separation.

#### Companies Are Handicapped

The companies on the other hand, of course, find that inroads have been made on their business by outsiders entering agencies and paying higher commissions. Therefore, in any attack on the law they will bring to the front the argument that the present law is against public policy in that it increases the cost of insurance. The public has no concern as to the trade controversy over separation and its only interest in the matter would be as to cost and service. The companies have gone into the subject rather thoroughly and it would not be surprising to see some action this winter.

## Fire Losses in October Show a Slight Increase

NEW YORK, Nov. 18.—Fire losses in October totaled \$20,439,136, the National Board reports. While these figures show an increase of but .1 percent over those of the preceding month, they are greater by 3 percent than the record of October, 1935, and increase to \$240,415,120 the losses since Jan. 1. The aggregate for the first 10 months of 1935 was \$210,319,073. October was the fourteenth month in which losses exceeded those for the corresponding period the previous year.

The record for the 10 month period in the past three years is:

	1934	1935	1936
Jan.	\$28,002,583	\$23,430,504	\$27,729,930
Feb.	31,443,484	25,081,625	30,909,896
March	31,312,359	24,942,703	29,177,406
April	22,028,943	23,267,929	25,786,835
May	25,271,459	21,238,205	21,479,380
June	20,005,692	18,499,675	20,407,485
July	19,484,027	19,293,619	22,357,020
Aug.	19,613,145	18,137,060	21,714,495
Sept.	16,243,870	16,641,882	20,413,537
Oct.	18,236,272	19,785,871	20,439,136

Total \$231,641,834 \$210,319,073 \$240,415,120

# Details of New Jersey Plan Explained by John A. Lloyd

CINCINNATI, Nov. 18.—Legislation, finance companies, the New Jersey plan adopted in Ohio, and the social security act were some of the important topics touched upon by Secretary J. A. Lloyd of the Ohio Association of Insurance Agents in a talk before the Cincinnati Fire Underwriters Association. Mr. Lloyd stated that the tax situation in Ohio is serious with repeal of the sales tax on food for home consumption, as a result of the election, since the legislature would have to raise 15 to 20 million dollars annually in new money. People know they can write tax legislation into the constitution, he said. He expressed a fear that the state legislature, casting about for an avenue to increase the income, might levy a larger tax on insurance premiums or tax insurance in some other manner.

The automobile dealers have organized and worked out a program to amend the agency qualification law to permit them to write insurance. This would be opposed by the state association, Mr. Lloyd said. Automobile writing reciprocals are planning to come before the legislature to ask permission to write automobile business in the state, which prevents them from doing so at the present time. The insurance business will be on the defensive in the new legislature.

#### Wants Ruling on Solicitors

The association has asked the Columbus office of the collector of internal revenue to get a ruling from Washington on the Social Security Act defining the status of solicitors as to whether they are employees or independent contractors. In some agencies solicitors receive a salary and the business is owned by the agent. However, most of the time the solicitor works on a strictly commission basis. Mr. Lloyd advised agents to pay the payroll tax under protest, since, he said, the constitutionality of the act probably will be raised as soon as the tax is effective, Jan. 1, 1937.

Enlarging upon the New Jersey plan of distributing insurance on property of closed banks and building and loan associations in charge of a liquidator on an equitable basis, Mr. Lloyd stated that in counties where there was a local board, the board secretary would keep a supply of policy forms and survey blanks which would be furnished the agent designated to write the business. The secretary will select the agent best qualified to write the business, the agent returning the forms to him after the policy is written. The secretary will then forward the survey blank to the company of issue, the Columbia Fire of Dayton, together with the daily report and the policy will be sent to the liquidating officers.

#### Name "Account Secretary"

When there is no local board in a county, an "account secretary," who is a member of the state association, will be designated for that purpose. Commissions will be distributed equally among association members in the county, after an allowance of 5 percent is deducted for the secretary's expenses, at the prevailing rate. Although all details have not been ironed out, matters will be straightened out at a conference in Columbus. The Columbia Fire will take out a license for all members of the association for which it is not licensed, its commission of authority, however, being limited to this type of business.

The sole purpose of the plan, Mr. Lloyd declared, was to give a good agent's service on risks which have been neglected in the past. The agent is directly under fire at the present time

and the plan gives him an excellent opportunity to demonstrate the importance of his function. It is a "challenge to the agents of the state." In New Jersey it was found that much of the property was over insured and re-rating was badly needed. The plan will save depositors in closed institutions a vast amount of money. Because the Ohio Farmers had the largest premium volume on fire and tornado in the state, it will get the largest share, followed by the Home of New York.

#### Financed Car Issue

A ruling of Superintendent Bowen requiring that any certificate issued off of any master contract covering financed cars to carry on its face the premium that is charged for insurance was referred to by Mr. Lloyd. Mr. Bowen has asked that financed cars be thoroughly discussed at the National Convention of Insurance Commissioners' executive session at Hot Springs in December. Mr. Bowen ruled in June that a financial institution couldn't make a profit on its insurance activities.

President Theodore Safford of the local association announced that Dec. 9 had been set tentatively for a sales congress for solicitors which will illustrate for them by actual demonstration the practical presentation of various lines, the arrangements being in the hands of T. W. Earls, who is securing well known people to participate in the demonstrations.

The Fire Companies Adjustment Bureau has opened an office at **Dothan, Ala.**, in the Newberry building, with A. D. Roquemore as adjuster in charge. It will service six counties.

## Prepare Train Schedules for Commissioners' Meet

NEW YORK, Nov. 18.—For the guidance of persons planning to attend the meeting of the National Association of Insurance Commissioners at Hot Springs, Ark., Dec. 7, a schedule of train movements and rates was prepared by J. J. Magrath of the New York department, through whom reservations may be made.

	New York	Pennsyl- Central	vania	B. & O.
Lv. New York	Dec. 5	8:00 pm	8:35 pm	2:55 pm
Ar. St. Louis	Dec. 6	5:00 pm	4:55 pm	4:50 pm
Lv. St. Louis	Dec. 6	10:30 pm	10:30 pm	10:30 pm
Arrive Hot Springs	Dec. 7	9:59 am	9:59 am	9:59 am
		Southern Railway		B. & O.
Lv. New York	Dec. 6	12:40 am		1:13 am
Lv. Washington	Dec. 6	7:25 am		7:25 am
Ar. Memphis	Dec. 7	7:20 am		7:20 am
Lv. Memphis	Dec. 7	8:00 or 8:30 am		8:00 am
Arrive Hot Springs	Dec. 7	12:35 or 1:05 pm		12:35 pm

The route via St. Louis offers a stop-over of 5½ hours for sightseeing. The route via Memphis can be arranged to afford a stopover of 6½ hours at Knoxville for a view of the Norris dam, in which event a train leaving New York at 7:30 p. m. Dec. 5 is available.

The American Airlines may have a plane leaving Newark airport at noon Dec. 6, arriving at Hot Springs at 7 p. m. the same day.

All facilities provide for convenient return trips. Railroad fare on a 15-day ticket will be \$56.25 for the round trip from New York. One way Pullman charges are: Lower berth, \$9.75; upper berth, \$7.80; single section, \$13.65; bedroom (1), \$17.55; bedroom (2), \$19.50; compartment, \$27.50; drawing room, \$35.00.

## Coverage on Credit Lines Is Necessity, Says Falls

### TALKS TO NEW JERSEY GROUP

**American of Newark Vice-president  
Stresses Advantages of Business  
Interruption Insurance**

NEWARK, Nov. 18.—The security which an applicant for credit has to offer consists of his wealth in material things, whose continued existence depends upon insurance protection, L. E. Falls, vice-president American of Newark, told the New Jersey Association of Credit Men at an insurance dinner. He spoke on "A Prerequisite of Credit." Performance of a customer's obligation in future is predicated upon his possession of his wealth for long enough to clear up his debts, he said.

"Some forms of wealth are assets, unless they are destroyed by fire, windstorm, theft, explosion, or some one of the numerous other perils which beset our possessions," Mr. Falls said. "If we hold adequate assurance that we shall be indemnified for the value of these subjects if they are destroyed, then the owner and the house which extends his credit are justified in considering those items of wealth as assets."

#### Some Assets Part Liabilities

"Other items of wealth are part asset and part liability, because their ownership and use not only can, but frequently do result in enforceable claims against the owner for such money that the liability destroys his accumulation of wealth. An automobile is an asset; so is a team of horses, or an apartment house; but unless the owner holds a financially responsible guaranty against damage claims arising out of the operation and use of these automobiles, horses, and apartment houses, he runs grave risk of losing that asset, and maybe the value of some other asset which may be sacrificed to meet an enforceable judgment."

"A financially responsible guaranty, which will indemnify an owner of assets against these perils by fire, wind, water, explosion, thieves, and the inherent hazards of use and operation, is a policy in a sound insurance company. The only way that credit men can assure themselves that the net worth on the statement of an applicant will continue in his possession for the credit men's protection, is to know that the applicant has adequate, dependable insurance to protect the net worth of that individual until the firm has been paid its just due."

#### Few Require Insurance

"Credit men are in effect loaning the assets of their employers to these applicants for credit. Do you, like a bank or a finance company, inquire what and how much insurance is carried by the credit customers of your firm? I am informed that in the main you do not." He commented on the survey by the National Association of Credit Men which showed that 30 percent of credit men inquire as to fire insurance carried but apparently the other 70 percent do not. Ten percent inquire about windstorm coverage but the remainder ignore this precaution. Only 4 percent inquire either as to liability insurance or any other insurance lines.

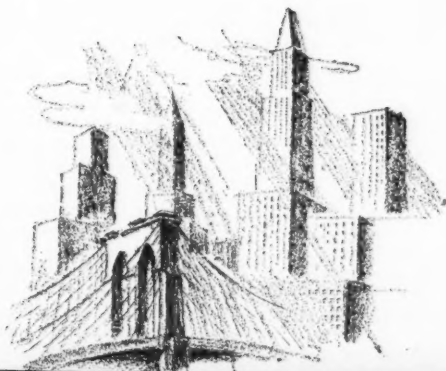
Mr. Falls said figures show that 46 percent of firms which suffered destruction of a substantial percentage of their business by fire failed to reengage in business. He said probably that proportion of merchants and manufacturers losing their stores and plants through fire loss were unprepared to finance themselves during the period of interrupted business, because most of them carried insurance against loss of only physical property. He urged business interruption indemnity as being well worth considering.

L. E. Kietzman, assistant secretary

(CONTINUED ON PAGE 14)

# American Agency System

The Commercial  
Union Group not  
only believes  
in the American  
Agency System,  
but supports it 100%



## COMMERCIAL UNION GROUP

COMMERCIAL UNION ASSURANCE COMPANY, LTD.  
AMERICAN CENTRAL INSURANCE COMPANY  
COLUMBIA CASUALTY COMPANY

THE PALATINE INSURANCE COMPANY, LTD.

NEW YORK

CHICAGO

THE CALIFORNIA INSURANCE COMPANY

THE COMMERCIAL UNION FIRE INSURANCE COMPANY

ATLANTA

SAN FRANCISCO

(STOCK COMPANIES)

These Companies write practically all forms of Insurance, except Life

## Talmage Named President at First Arizona Meeting

### ELLIS VIEWS THE PROBLEMS

Commissioner-elect Amos Betts Pledges  
Cooperation—Pays Tribute to  
Importance of Insurance

#### NEW OFFICERS ELECTED

President—Harry R. Talmage, Tucson.  
Vice-president—Richard Simis, Phoenix.  
Secretary-treasurer—C. K. Jones, Tucson.

TUCSON, ARIZ., Nov. 18.—“Certainly every agent worthy of the name believes that all those engaged in insurance should support right principles and oppose bad practices in underwriting,” declared Raymond L. Ellis, assistant secretary Fireman's Fund, in speaking before the Arizona Insurance Agents Association here.

“Human nature being what it is, there are always some agents and some companies that want a competitive advantage over their fellows. Other people who are inclined to take such advantage would be quite willing to adhere to a more ethical course if the ultimate advantages of so doing could be pointed out to them.

#### Next Meeting in Phoenix

Harry R. Talmage of the Arizona Trust Company, Tucson, was elected president, succeeding J. J. Keegan, Globe. This was the first annual meeting of the state organization. The next meeting will be held in Phoenix.

Commissioner-elect Amos A. Betts, emphasized the growing importance of insurance to industry and business. He said he will cooperate with local agents to the fullest extent and will see that they get the attention they deserved. The insurance agent, he said, is a splendid citizen aiding in the promotion of both industry and business.

Postelle Cooper, president of the New Mexico association, represented the National association. Maynard Colwell, manager of the Arizona Equitable Rating Bureau at Phoenix, spoke.

Harold C. Tovrea, Tucson, presided at the business session.

A banquet followed the business session.

There were about 50 in attendance including a number of field men.

#### Value of Associations

“A local agents association is the best means of doing this. It is by far the most effective method yet devised to carry to the agents the message of the golden rule and keep them united under a permanent organization for the common good, not only of the agency business, but of the insurance business as a whole,” Mr. Ellis continued.

“Agents associations serve as a clearing house for the problems that constantly confront local representatives. They are the only dependable means of contact with company organizations through which a cross section of the ideas of agents can be expressed, and through which differences may be harmonized. They furnish a medium for orderly procedure in the handling of legitimate complaints against practices inimical to the American agency system as well as to the interests of the companies. They offer a means through which agents can get together both as competitors and friends on a basis of good will, good fellowship and common understanding. They are to the local agent their trade organization, just as the American Bankers Association is the trade organization of the bankers of the country. There is probably no business or profession of importance in this country that does not maintain an organization of this character. As long as agents associations apply good old-fashioned

# How Film Advertising Gets Bids for Insurance

By L. V. WALZ  
Hot Springs, N. M.

A long-haul advertising program designed to spotlight my general insurance office in the minds of fellow-citizens of Hot Springs, N. M.—but one which at the start resulted in new insurance contracts—is my bid for active participation in the general upturn in business.

Late last spring, we turned to brief, film advertisement on the screen of a local theater in an effort to spotlight our office in the consciousness of local theater-goers—a class of people, we feel, who definitely come under the “income” or “salary” classification. Through our interesting promotional films, we present insurance sales stories concerning the need for full life, fire and auto casualty protection.

#### Man Voluntarily Applied for Policy

We were highly pleased when our very first film resulted in a definite closure of a \$2,500 contract. A person whom I had never seen before, walked into my office and purchased a life policy. He said he had seen my advertisement on the local theater screen and that it awakened him to the real need for insurance protection.

Our short, inexpensive films depict everyday risks while addressing the audience with a short “heart to heart” insurance message. The films are screened on alternate weeks during the daily shows of our leading theater. Attendance records reveal that approximately a third of the population views and hears our brief presentations. We run a continuous campaign, changing the film for each week's showing so that we emphasize each of our various lines in turn. Our films are of the news-reel type—with the voice message given by an unseen announcer—as this permits faster screen action and a stronger sales story.

Everyone knows that the movies are a powerful “preaching” force in American life. They are readily understood. Their point is easily digested. When viewed on the screen an automobile crash gives deep significance to an auto coverage message. An actual fire scene is more impressive than words. For years we insurance men have employed pictures to drive home the possibilities

common sense to the things they do, these associations will continue to serve and prosper.

#### Points Out Important Function

“I believe by far the most important function of an agents association is to educate its members to become better agents, to become better salesmen and to be able to anticipate and meet competition by intelligent and well planned service. Recognizing this fact, agents associations throughout the country are devoting the greater part of their meetings to programs of discussions in this direction.

“A good example of what can be done by agency organizations was demonstrated in the case of the HOLC business, involving a large percentage of all the dwelling houses. This business was formerly written by one company, and there was much talk of the government going into the insurance business and carrying these risks in a fund to be established for that purpose. The National Association of Insurance Agents, together with a leading group of companies, after a series of conferences with the officials of the HOLC arranged that this business be distributed to all of the agents throughout the country. Under this arrangement, you agents are continuing to participate in the business handled by the corporation. Were it not for the activities I just mentioned, the possibilities are that all of this business would have been lost to local agents.”



L. V. WALZ

of a penurious old age. Our motion picture adaptation of the idea breathes real life into this sort of appeal.

Too, this film program of ours reaches a known number of persons each week. We only have to check the theater attendance records to determine how many people viewed our ads. Careful selection of the theater to be used assures us of the type of contact we most want.

Because our films are produced in “masses,” they are quite inexpensive. Our film producing company, the Alexander Film Company of Colorado Springs collaborates with leading insurance companies in preparing these short insurance “news-reels” which apply generally to the service provided by every agency. The same general sales scenes may be used by a wide number of insurance agents. Following the general scenes is the “trailer” which individualizes each film for each individual advertiser. Our “trailer” sets forth the fact that I am representative for the American National of Galveston, and also write fire and automobile insurance, and that we also handle real estate and surety bonds. The lettering on the “trailer” appears through blazing flames—a trick camera effect that appears most effectively on the screen.

Not all the films are of the hazard-type, some being of a quieter “reminder” type. But you can bet that each one of the films make the audience think about insurance.

#### Sample Is Given of Auto Insurance Film

A sample of one of the auto insurance films opens by showing a wrecked car. Next is seen a full-screen view of a man writing a check—and he sure acts like he hates to write the check, too. Next, a hand is shown as it picks up an insurance policy marked “Auto Insurance.” In closing, the action returns to the opening scene showing a close-up of the smashed car. The voice announcer says: “The owner of this car had no insurance and when he paid the cost of all the damages he found he had learned an expensive lesson. Don't let another day go by without protecting yourself with complete auto insurance. Let this man's costly lesson remind you that complete auto insurance is inexpensive safety.”

These screen demonstrations of the results of insufficient coverage or lack of any coverage are rather forceful reminders and when they are followed by the agent's own individual “ad,” we feel that they do accomplish their job.

## Profits Taxes Aid Sale of Insurance to Corporations

### GOVERNMENT “PAYS” PREMIUM

Minimum of 26 Percent May Be Credited Against Cost in Some Cases

Insurance angles of the undistributed surplus tax have not been exploited to any great extent. If corporations are not able to retain surplus earnings in the treasury they lose the benefit of what heretofore has been considered a necessary contingent fund. Insurance will provide for a great many contingencies, and the insurance premiums expended will reduce several of the income taxes.

This inability to retain a contingency fund out of earnings will affect both the amount of insurance and the kinds to be carried. A corporation that has been accustomed to retain in the treasury a considerable share of its earnings might cut down on premiums because it was able to absorb moderate losses. With the undistributed profits tax the retention of money becomes highly expensive.

#### Avoid Some of the Harm

Insurance cannot take the place of a cash contingency fund, but it can avoid some of the harm to a corporation that might arise from the lack of such a fund. So far as such a fund is held for unexpected losses, it can be almost entirely replaced by insurance, and the insurance premiums can be credited as an expense, in other words, they have the same effect on the tax as if the premium money was distributed.

A contingency fund is usually held with the idea of taking advantage of new developments in the corporation's business, as well as to provide for unexpected losses. Another use of the contingent fund is to level off dividends. Company officials like to maintain a certain dividend level, and particularly, they extremely dislike to reduce dividends. Under the tax law which forces the distribution of dividends, even a moderate loss that is uninsured will mean that the dividend will have to be reduced.

#### Losses May Peril Dividends

Thus many a corporation would find its dividends seriously affected by a \$25,000 automobile loss on some salesman or service man. Partial use and occupancy losses also will assume more significance to the corporation. Probably every corporation carries enough fire insurance and with modern blanket forms it is unlikely to suffer an uninsured direct loss from fire. However, a partial loss, whether from fire, boiler explosion, or machinery breakdown, may entail expenses considerably in excess of the actual damage. Embezzlements and other fidelity or burglary losses would affect dividends.

Money paid for premiums escapes one tax that is certain, namely, the normal income tax on corporations, running from 11 percent to 15 percent. It also escapes the tax on undistributed profits, running from 7 percent to 27 percent. In some corporations there is in addition an excess profits tax of 6 percent or 12 percent.

#### Government “Pays” Premiums

Few corporations will make less than \$15,000, where the normal income tax is 13 percent. Many corporations will want to retain at least a minimum part of their earnings, and the lowest bracket on undistributed earnings is 7 percent. If the corporation should have a good year it will probably run into at least the 6 percent bracket on excess profits. Therefore such a corporation can buy insurance for 26 percent less than the

(CONTINUED ON PAGE 14)

# NORWICH UNION

**RELIABILITY**

**based on a record**

**of satisfactory service**

**to agents and policyholders.**

**NORWICH UNION**  
**FIRE INSURANCE SOCIETY, LTD.**

*Hart Darlington, Manager*

**Eagle Fire Company**  
**of NEW YORK**

*Incorporated 1806*

*Hart Darlington, President*

*The Oldest New York Insurance Company*

**NORWICH UNION**  
**INDEMNITY COMPANY**

*Hart Darlington, President*

**75 Maiden Lane, New York**

*In NORWICH UNION there is strength*

# COMPANIES

### Jump in Winter Auto Sales Will Be Boon to Insurance

NEW YORK, Nov. 18.—A substantial gain in automobile fire and theft premium income is reported by virtually all companies, due partly by the drive that has been and is being made for the line, and largely to the great number of new cars on the road. Manufacturers almost without exception have materially increased their sales this year. Introduction of new models always increases the demand for cars, so there is every prospect for a still further

gain in premium income from the line before the year closes.

A noteworthy feature in connection with the automobile business now is the increasing percentage of cars purchased either by direct full payment, or with the aid of local banks. The latest published percentage of cars handled through large specializing financing institutions is 56 percent, a decrease of at least ten points from earlier figures.

While many of the large banks of the country have hitherto turned a cold shoulder to automobile financing propositions, it is significant of a change in sentiment that it was suggested at the annual meeting of the American Bank-

ers Association that members give attention to the idea, with a view to its adoption as an avenue for increasing dwindling profits of the straight banking business. Evidently the campaign of a number of fire companies and of many agents throughout their country to bring the automobile financing plan before local bankers is producing results.

Three-fourths of the accident and health companies have made great changes in their rates and policies. All information accurately given in the Time Saver. This comprehensive book only \$4. Write 420 East Fourth street, Cincinnati.

### Nearly Drowns



A. C. ROOT

CLINTON, IA., Nov. 18.—A. C. Root, former vice-president Iowa Association of Insurance Agents, narrowly escaped drowning in the Mississippi river. The mishap occurred at his cabin near Princeton, Ia. Mr. Root, who was propelling a small boat loaded with rock for his grounds, was thrown into water about 50 feet offshore when the craft sank. Since he was encumbered by heavy clothes and rubber boots, he reached shallow water with the greatest efforts.

### Recent Truck Thefts Given

More Robberies Occur in New York City and Vicinity Than at Other Points

NEW YORK, Nov. 18.—The latest report of recent hi-jackings and truck thefts as reported to Babaco reveals a concentration of robberies in New York City and its vicinity. Over half the total amount occurred in this locality. Details of the list are as follows:

F. Volt, \$1,400, Volo, Ill., eggs, poultry; Railway Express, \$500, Kansas City, Mo., miscellaneous; Coca-Cola Bottle Co., \$200, Asbury Park, N. J., soft drinks; Whitney Transfer, \$2,500, Marion, Ky., liquor; M. Waterman, \$500, Detroit, parcels, miscellaneous; Monarch Motor Frl., \$2,500, Boonsville, Mo., eggs; H. & G. Cartage, \$2,000, Toledo, O., drugs; Southwest Liquor, \$7,500, Joplin, Mo., liquor. Central Trucking, \$15,000; N. Y. C. garage, leather findings; Chancer, \$15,000, Brooklyn garage, dresses and ladies wear; McMuller & Whitaker, \$6,000; Belleville, Ill., liquor, Eker Bros. \$5,000, Rochester, liquor; J. C. Graham, \$400, Kansas City, Mo., candy, tobacco; H. Dickstein, \$20,000, N. Y. C., furs; Motor Haulage, \$24,000, Brooklyn, cigarettes; F. Bird Transfer, \$35,000, Indianapolis, gems.

J. Hammond, \$3,000; Russellville, Ky., liquor; Chas. Greene, \$200, N. Y. C., tobacco; Amco Carrier, \$500, New Jersey, silk; O. Taylor, \$7,500, Lafayette, Ind., liquor; Conklin, \$600, Toledo, O., cigarettes; Cincinnati Cig. Vend., \$600, Cincinnati, O., cigarettes; J. Goldman, \$20,000, N. Y. C., furs; H. Hartman, \$2,000, N. Y. C., miscellaneous; Merchants Delivery, \$4,000, Kansas City, Mo., fur coats; Hall Freight Lines, \$20,000, Nashville, Ill., liquor; Central Trucking, \$8,000, N. Y. C. garage, leather findings.

### Entertain Women's Club

NEW YORK, Nov. 18.—After viewing the interesting collection of fire marks in the office of Vice-president H. V. Smith of the Home of New York, members of the Insurance Women's Club of Staten Island were entertained at luncheon by the suburban department of the Home.

## TWO COMPANIES THAT PROTECT YOUR TIME



### Help You Devote Every Minute to Production and Profits!

The two most important problems of the day . . . sales and collections.

Thus, progressive agents are devoting every possible minute to the task of increasing volume and securing payment to keep policies in force.

The Agricultural and the Empire State . . . distinctly agency companies . . . appreciate the situation and conserve agents' time in every possible way.

No useless correspondence holds you to your desk.

Freedom from frequent detailed reports permits you to spend all your best hours at constructive work.

Prompt adjustments keep your customers satisfied.

The personal cooperation of our re-

presentatives helps you give the maximum in complete, efficient service.

Here in Watertown, "Red Tape" is barred. Our simple routine is planned to prevent waste time. For, by long experience, we know we do a better job for both policy holders and agents by eliminating delay.

\* \* \*

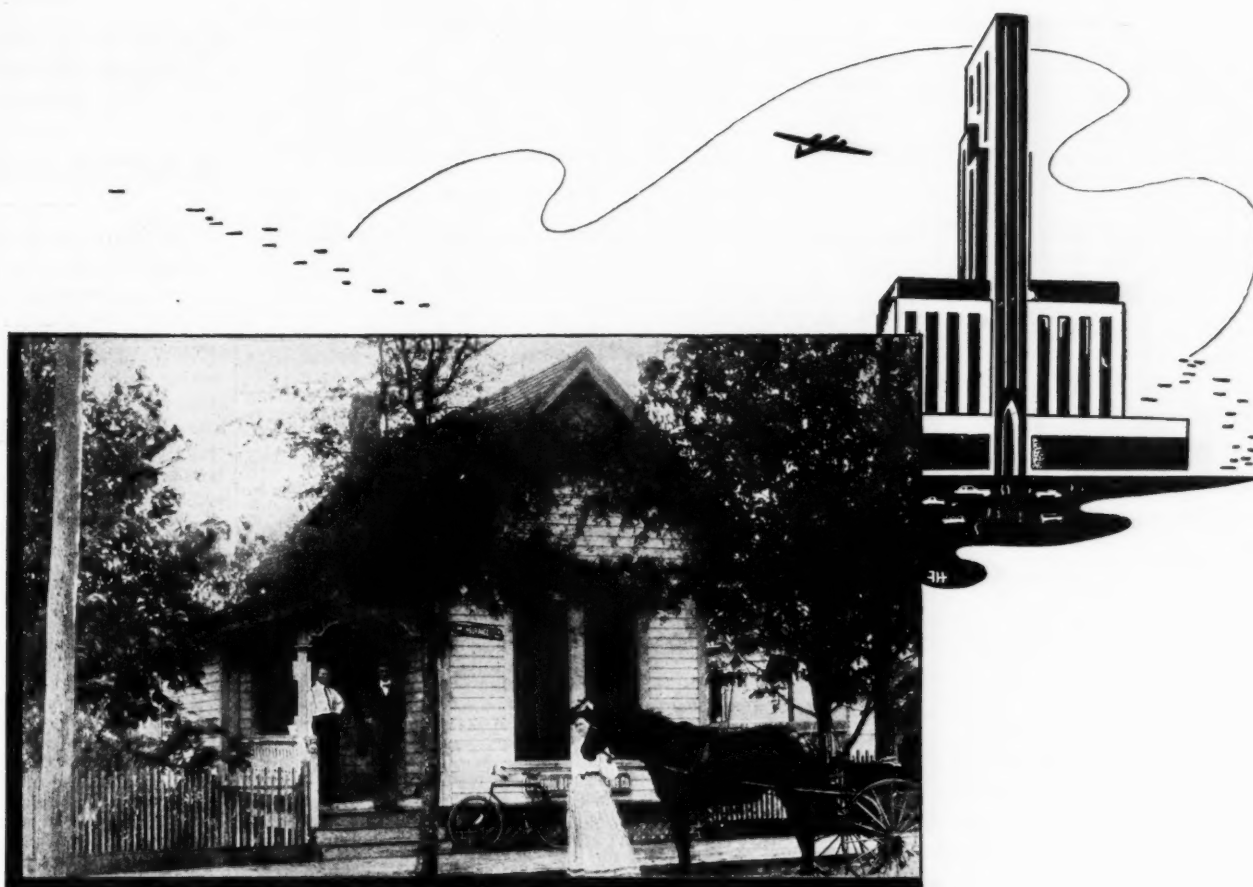
Leading agents who need a company of unquestioned financial strength will find that the Agricultural and Empire State measure up . . . not only in this respect, but in all the many other features which make agents say it is a "good company."

May we send a representative to give you the whole broad story?

**Agricultural**  
Insurance Company,  
of Watertown, N.Y.

**Empire State**  
Insurance Company,  
of Watertown, N.Y.

EVERY TYPE OF PROPERTY INSURANCE FOR INDUSTRY AND THE HOME



# Styles Change

As office styles change, so do styles in insurance. Gone are the cumbersome methods that were once insurance style, replaced by today's modern policies — the Personal Property Floater, the Supplemental Contract and the Comprehensive Automobile Policy — wherever permitted by law.

In one policy, with one premium and one renewal date, these coverages offer your client protection formerly procured only through several policies. Savings in time and money constitute an insurance service particularly appreciated by clients. May we show you how we assist our agents in developing premiums through modern coverages?

*The photograph, taken 35 years ago, shows the first office of H. J. Drane & Son at Lakeland, Florida, who have represented the "Liverpool" since 1886.*

AMERICAN & FOREIGN  
INSURANCE COMPANY  
BRITISH & FOREIGN  
MARINE INSURANCE CO., LTD.  
CAPITAL FIRE INSURANCE CO.  
OF CALIFORNIA  
FEDERAL UNION INSURANCE CO.  
THE LIVERPOOL & LONDON  
& GLOBE INSURANCE CO. LTD.  
THE NEWARK FIRE INSURANCE CO.  
QUEEN INSURANCE COMPANY  
OF AMERICA  
ROYAL INSURANCE CO., LTD.  
SEABOARD INSURANCE COMPANY  
STAR INSURANCE CO. OF AMERICA  
THAMES & MERSEY  
MARINE INSURANCE CO., LTD.

## ROYAL-LIVERPOOL GROUPS

150 WILLIAM STREET, NEW YORK, N. Y.

## Illinois Agent Raps Plan for Mortgage Clause Change

Strongly assailing the suggestion of Secretary W. H. Bennett of the National Association of Insurance Agents that the New York form of standard mortgage clause be changed to make payment of insurance premiums mandatory upon the mortgagee instead of optional, W. A. Schneider, manager Albert Schneider & Sons, Kankakee, Ill., said in a letter to Mr. Bennett that tremendous confusion and dissatisfaction would result. He considers this guaranty would make the mortgagee a "Santa Claus" for the insurance men.

The Schneider firm, in operation since 1874, has charge of the office management of a large building and loan association and has negotiated and serviced many loans in addition to conducting an insurance business, the letter explained. A copy was sent to President F. J. Budelier of the Illinois Association of Insurance Agents.

### Letter Is Quoted

The letter follows:

"I have noted your expressed desire to have the New York form of standard mortgage clause altered in the provision relating to payment of the premium by the mortgagee on demand, your avowed object being to make it mandatory upon the mortgagee to pay the premium instead of optional as at present.

"Our insurance agency has been operating in Kankakee continuously over a period of 62 years and during the past 45 years of that span the individuals comprising the agency, or some of them, have also had in their charge the office management of a large and successful building and loan association. The thousands of loans we have negotiated and serviced have given us a background of experience which I believe qualifies me to speak on the subject.

"When a property owner secures a loan from a building and loan association he agrees among other essential items, that he will furnish insurance protection satisfactory to the management and he agrees that failure to furnish proper insurance and to pay the premium thereon, or failure to pay taxes, prescribed payments, etc., shall make him subject to foreclosure action, all of which is as it should and must be for the proper protection of the many individuals whose small savings are collectively loaned.

### "No Reason for Guarantee"

"The insurance agent selling insurance on unencumbered property looks to the owner for payment of the premium. He cannot neglect collection of the amount due, unless he wants to risk loss of earned premium or depend upon later attempts to collect through justice court procedure, which rarely proves satisfactory. There is, in my opinion, no sound reason why an agent selling a policy on mortgaged property should consider himself entitled to a guarantee of payment from any third party.

"This is, of course, a great day and age for 'guarantees,' ranging from federal guarantees of bonds, bank deposits, jobs, income, and reduction of national budgets, to guarantees of eternal world peace, and perhaps you could propose and induce Congress to inaugurate a Federal Insurance Policy Premium Payment Insurance Fund (F.I.P.P.P.I.F). I cannot understand why you are content to limit this guarantee of payment to those premiums written on mortgaged property. Why not all premiums?

### Declares Injustice

"But seriously, Mr. Bennett, our experience would indicate that the personal factors involved in the relationship between borrower and mortgagee would prevent your plan from functioning with any degree of peace and satisfaction. Let us suppose that you held a mort-

gage for \$1,000 on a piece of property worth ten thousand dollars and that you were disinclined to increase your loan—that you had other uses to which you desired to put your idle cash. Yet, owing to a provision contained in a rider on a policy which was handed you when the loan was made, you now find that you are required to advance another hundred dollars for insurance on the mortgagor's property. You did not order the insurance, you do not need the protection because the unimproved land is worth more than your claim, the policy may have run for one or two or four years, but nevertheless some insurance agent demands the hundred dollars and you have to pay it whether you like it or not—an obvious injustice.

### Alleges Results

"We believe that your proposal, if adopted by stock companies, would have the following results and perhaps others as well:

"(1) Mortgagees would insist upon the use of the old forms, or would introduce new clauses in the mortgage or note, nullifying the premium payment provision of the mortgage clause, or, if necessary would demand policies from non-board companies or mutual companies, with the old form of clause attached, and this would undoubtedly influence building and loan secretaries to become mutual insurance minded.

"(2) An agent would no longer need to notify the owner of the property that his insurance was expiring. He would merely deliver renewal to the mortgagee and after 30 days or so collect the premium from the mortgagee.

"(3) Any other agent knowing of the expiration date of the insurance could also deliver to the mortgagee a policy on the same property and expect payment in due time.

"(4) But why wait for expiration dates? An alert agent would observe in the news columns that John Brown was leaving on a month's trip and immediately deliver a policy on John Brown's property to the mortgagee. The latter would presumably pay the premium on demand and it would be charged to Brown's account to be discovered by him six months later when his pass book was next balanced. Short rate cancellation would be a poor remedy for such an occurrence.

"Your proposal would make every mortgage holder a collecting agency for insurance agents—collection guaranteed without collection expense."

### Lead to Litigation?

"The confusion which would result from an attempt to adopt your proposal would be immeasurable and the dissatisfaction great, leading to many lawsuits. The owner of mortgaged property may have some good reason for not paying his insurance premium promptly—perhaps a claim for merchandise of equal value sold by him to the agent. The agent might nevertheless under your plan collect cash from the mortgagee and allow his account with the merchant to remain unpaid.

"As an insurance salesman I would like to be relieved of that part of my work which collection of accounts entails, but I believe that collection of premiums is an essential part of selling and that I have not completed the sale nor earned my commission until I have collected the entire sum due. Any agent who is unable to collect premiums is entitled to lose the business to someone who CAN perform that important part of any insurance transaction.

"I heartily favor keeping monkey wrenches out of the machinery of the insurance business and I believe the 'Santa Claus Mortgage Clause' would be just that."

## ANSWERS

By J. C. O'Connor, Editor  
National Underwriter's F. C. & S. Bulletin

**Question**—Please tell me something about Employers Group Associates. I know that this has some connection with the Employers Liability group, but I am not just sure about the relationship.

**Answer**—Employers Group Associates is a Massachusetts investment trust. It owns all of the stock of the Employers Fire, all of the stock of the American Employers and 100,000 shares of Employers Liability.

\* \* \*

**Question**—In case of a tornado or windstorm, which causes the fall of a building or such substantial part as to render the fire policies on such building void and after an interval of a day or several days prior to the final adjustment of the tornado loss, the remainder of the building is destroyed by fire, would the tornado policy pay the resultant loss by fire? If the tornado policy would not pay the resultant loss, how can an assured be fully protected?

**Answer**—The windstorm policy would not cover fire loss, where there has been a material delay between the fall of the building as the result of windstorm and the start of the fire. Lines 30 to 35 of the standard windstorm policy read, "Except that in case any building or any material part thereof, fall as the result of windstorm, cyclone or tornado, immediately followed by fire as a direct result, then this insurance is extended to cover such resultant fire loss to only such fallen building or buildings and/or contents covered under this policy."

The only way to cover the fire loss in this case, except in Pacific coast territory, would be to write new fire insurance on the building after it has fallen, describing the condition of the building. Whether a fire insurance company would accept this risk or not is problematical. On the Pacific Coast, the fallen building clause waiver, if attached to the fire policy, would take care of this matter.

\* \* \*

**Question**—A painter has his studio in his house. He paints pictures and has artist's material and finished pictures on hand for sale. Do you think that the residence policy covering household goods would include artist's material and finished pictures which are subject to sale?

**Answer**—If the household furniture form includes objects of art, or some similar designation, it would cover the artist's pictures. However, it would be worthwhile to investigate the possibilities of a fine arts floater for this risk.

\* \* \*

**Question**—Would it be possible for us to obtain a copy of the pamphlet entitled "Self-Insurance of Workmen's Compensation in Pennsylvania" by Howard M. Teaf, Jr.

**Answer**—"Self-Insurance of Workmen's Compensation in Pennsylvania" is a translation of a German book, "Will America Copy Germany's Mistakes?" by Gustav Hartz. Walter Linn, secretary Pennsylvania Self Insurers Association, Finance Building, Philadelphia, had the translation made and one can get a copy from him.

### Buyer to Give Address

CINCINNATI, Nov. 18.—L. H. Wiggers, manager insurance department, Procter & Gamble, Cincinnati, will discuss the insurance buyer's point of view at a meeting of the University of Cincinnati class in property insurance Monday. Mr. Wiggers is active in the insurance buyers' organization. The meeting is open to persons who have tickets, which are obtainable from Secretary J. F. Schweer, Cincinnati Fire Underwriters Association.

## Deny Charges of Direct Writing

Practice Is Not General, as It Is Against Companies' Own Interests

### TO WATCH COOPERATIVES

Rise of Movement in Insurance Is the Real Menace to Agency System, Consensus Shows

NEW YORK, Nov. 18.—That direct writing is occasionally indulged in by certain fire companies is unquestionably true but that it is at all general no one really believes. Most of the states have laws requiring that business located within their respective jurisdictions be written through resident agents, and while such statutes do not serve as a complete bar to overhead writing, they act as a sharp deterrent to the practice.

The institution of fire insurance in this country has grown great because of the American agency system, and it remains as true today as ever in the past that it is the man on the firing line who sells and keeps sold the great bulk of the business in force. Establishment of a complete and competent agency staff is a laborious and highly expensive proposition and no soundly managed company would engage in a practice tending to undermine confidence of its field representatives in the head office administration, since it appreciates that were such an idea to gain currency, final passing of the institution would be but a matter of time.

### Occurrences Are Few

That an occasional slip-up take place, when an overzealous underwriter puts over a "fast one" on an agent, is undeniable, but happenings of this nature are far from common. If influence by no higher motive than "enlightened self-interest," the average company executive plays fair with the field representatives of his office.

A development of far greater concern to local agents than reputed direct writing and one deserving most careful attention, is cooperative buying, a movement that originating a century or more ago in England, has since become highly popular in that country and among residents of Holland and other of the nations of Europe. The idea was transplanted to America some 20 years ago, taking form among the farmers of the northwest, spreading more or less rapidly through other sections and among many classes of people.

Recently a wholesale cooperative drug store was launched in Buffalo, intending to sell to small independent druggists in competition with various chain drug systems. Among the grange farmers of Ohio, cooperative fire insurance placement has been in vogue for several years and adoption of the scheme has been advocated for farmers in other states. That the idea is not restricted to associated effort in the buying and selling for farm produce is attested through the number of co-operatives selling gasoline, groceries and wearing apparel, and the constant advocacy that the plan be established broadly.

In view of the growing popularity of the cooperative movement it behooves agents everywhere to justify to their customers the value of their service and the soundness of the protection furnished by the companies the local men represent.

# True a century ago- true today:-

There is hardly anything in the world  
that some man cannot make a little  
worse and sell a little cheaper and  
the people who consider price only  
are this man's lawful prey.

John Ruskin

## THE HOME INSURANCE COMPANY NEW YORK

Strength

« »

Reputation

« »

Service

## Cairns Clan Is Prominent in the Insurance Business

By A. V. BOWYER

SAN FRANCISCO, Nov. 18.—Very likely when Edward T. Cairns entered the fire insurance business as a draftsman with the Factory Insurance Association of Hartford he thought little of his future influence in the business. But a checkup of his family connections within the fraternity reveals that four members of the immediate Cairns family—male line—are actually engaged in the business of fire insurance, while two



EDWARD T. CAIRNS  
Bellwether of the Flock

other members-by-marriage are also prominent in the underwriting world.

Mr. Cairns is vice-president of the Fireman's Fund. He came to the head office in 1928 from Boston, where he was manager of the eastern department. Prior to that he had been assistant United States manager of the North British, a position reached after service in the Factory Insurance Association and later as an inspector in the improved risk department of the North British.

Mrs. Cairns' brother is Donald M. Allardice, for several years special agent at Albany, N. Y., of the Springfield Fire & Marine. The daughter of the family, Mildred, is Mrs. Walden M. Howe. Mr. Howe is special agent for the Sun at Albany.

Then come the three sons: Robert T., Alan A., and James Cairns—all actively climbing the ladder to prominence in the insurance world. All are graduates of Yale and have been well prepared for their chosen profession.

### Triumvirate of Sons

Robert T. Cairns, who completed the full Yale course in three years instead of the required four, is special agent of the Providence-Washington in Boston. He started his insurance career with the rating division of the New England Insurance Exchange.

Alan A. Cairns is an underwriter with the Hartford Fire in San Francisco, joining the family here about two years ago. Prior to coming west he was a special agent in New England, a sprinklered risk inspector for the New England Bureau and just before joining the San Francisco office of the Hartford, was in charge of the Worcester office of the Fire Companies Adjustment Bureau.

James Cairns, youngest son of the family, is now in Los Angeles, where he is making good as special agent for the Hartford Fire and Hartford Accident. "Jim," as he became affectionately known to the fraternity about San Francisco before being transferred to southern California, is active in business development and in civic affairs. While in San Francisco, he was chairman of the

fire prevention committee of the junior chamber of commerce, and in Los Angeles serves as a director of the Los Angeles junior chamber of commerce. In recognition of his cooperation in Fire Prevention Week in 1935, when Los Angeles tied with Philadelphia for first place in the national contest, the Los Angeles fire department made him an honorary battalion chief, presenting him a handsome gold badge of office. He is also vice-president of the Southern California Casualty & Surety Field Men's Association.

Thus has a Cairns influence been injected into the fire and casualty business throughout the entire country and insurance newspaper men for many years to come may look forward to writing the name of "Cairns."

### Commerce Names Sears & Osmond

Sears & Osmond, 90 John street, New York, have been appointed Manhattan-Bronx agents and as New York binding agents for the Commerce. This agency

has represented the Commerce for suburban and New Jersey territories since 1924.

### Coverage on Credit Line Is Necessary, Says Fall

(CONTINUED FROM PAGE 6)

American of Newark; H. P. Jackson, president Bankers Indemnity, and W. R. Cunningham, assistant supervisor ordinary policy department, Prudential, were guests. H. M. Auld, Jr., president, presided. A number of insurance agents from northern New Jersey attended.

### Actual Machinery of Social Security Now in Motion

(CONTINUED FROM PAGE 3)

ployer's blank asks, "Approximate number of persons now employed." The life companies are filling this line in various ways. Some are including, without any explanation, only the actual number of employees which the company deems unquestionably within the act. Some companies intend to make a brief explanation on the reverse side of the form in somewhat this language: "Com-

missioned insurance agents, being independent contractors and not employees within the act, are not included in the figure shown on the face of the return." A good many observers, however, feel that no such explanation need be given. General agents and managers completing separate returns should be informed of the position taken by the company so that no variances will exist. The treasury department has not yet issued any specific ruling or interpretation with respect to the application of any phase of the social security act to commissioned insurance agents.

### Profits Tax Aids Sales of Insurance to Corporations

(CONTINUED FROM PAGE 8)

premium. Put another way, the government will stand 26 percent of the insurance cost. This cash saving to the corporation on insurance premiums is in addition to the sound business argument that insurance should be carried against all hazards, because of the inability to accumulate a contingent fund in the corporation's own treasury.

Read "Surety Agents' Guide" by Lunt. \$1.50. Order from National Underwriter.

## Heinz Doesn't Keep 57 Varieties

... He Sells Them!

He sells all of them. How many varieties of Insurance do you sell? No more than you have offered for sale, naturally, and that's why Mr. Heinz may be doing a little better than you, financially.

Perhaps you feel that you are selling all the kinds of Insurance that can be sold. Fortunately for Heinz, he did not feel that the sale of pickles was limited to cucumbers and sauerkraut. Have you really tried to sell anything but the ordinary Fire and Windstorm type of protection?

Did you even *know* there are 34 different kinds of Insurance applicable to dwellings? And that many of these sell, literally, "on sight"? That small storekeepers have a choice of 47; theatre-owners, 44; professional men, 34?

Complete lists of coverages applicable to ten types of risks written by almost every Agent (together with a brief description of each) are now available to our Agents and prospective Agents, in conjunction with our free Client Analysis Service. Write the Sales Promotion Department.

THE AMERICAN GROUP, NEWARK, N. J.

Fire Companies

THE AMERICAN

THE COLUMBIA

THE DIXIE

No purchaser of insurance can buy a single policy to protect him against all hazards to his property, consequently the first policy sold is usually the forerunner of others to the same customer.

Agents of Pearl-American Fleet Companies are fortunate here. With the complete line of coverages available through their companies they are able to offer a policy for every type of property protection. Thus a Pearl Fleet Agent is able to increase his business substantially among his present policy holders.

Let us explain the helpful Fleet agency plan.



## PEARL-AMERICAN FLEET

PEARL ASSURANCE CO., LTD., OF LONDON  
EUREKA-SECURITY FIRE & MARINE INSURANCE CO.  
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New York  
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Insurance Exchange Building  
CHICAGO

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### Lawton-Byrne-Bruner

INSURANCE

Saint Louis

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### Chris Schroeder & Son Co.

86 Michigan St. MILWAUKEE

Engineering Service—All Lines

The largest insurance agency in the State of Wisconsin

# Insurance on Crops Stirs Interest---and Skepticism

WASHINGTON, Nov. 18.—Not for the protection of the farms which they own, but for the sake of stabilizing the farm situation and averting foreclosures, life company farm mortgage officials are considerably interested in the federal government's proposal for crop insurance.

Many officials are frankly skeptical that any plan can be worked out which will insure crops against all of the various hazards. As far as the life companies' farms are concerned, insurance is of no importance, since their holdings are diversified enough so that the companies can better afford to be self-insurers than to go in on a crop insurance scheme.

## Would Curb Foreclosures

Where crop insurance would be helpful to the life companies would be to prevent foreclosures of farms upon which they hold mortgages which the owners otherwise would lose because of crop failures if there were no insurance. Crop failure is not the only factor in causing foreclosures, although it amounts to more during normal times than in depressions, when the low prices of farm products bulk larger.

Another angle to the avoidance of foreclosure would be to give more assurance that farms being purchased on the installment plan from life companies would remain in the hands of the new purchasers and would not be thrown back on the company's hands in the event of a crop failure. Many of these farms are being bought from life companies on a relatively small down payment when the company has faith in the industry and integrity of the buyer. A disastrous crop failure, uninsured, could not be absorbed by this type of buyer, no matter how hard-working or honest he might be.

## No Specific Proposals

Nothing specific enough to enable life company farm loan officials to make up their minds on the merits of crop insurance has come out of the federal department of agriculture. Secretary of Agriculture Wallace has recently indicated that the government is going to proceed cautiously on crop insurance and only with the definite approval of the farmers themselves.

One difficulty appears to be with getting the program accepted by the farmers. Indications are excellent for 1937 crops and farmers generally seems to feel that they would rather take their chances on reaping all the benefits rather than hedging by any insurance scheme. Another difficulty is the basis on which to insure. If too low a percentage of the normal crop is the basis, the farmer will not be interested, because he faces the prospect of paying his annual premiums for a long time, while it may be years and perhaps never before his crops will go below the specified minimum, which must be reached before insurance applies. On the other hand, if too high a basis of yield is adopted for insurance purposes, the premium will have to be so high that it will be prohibitive for the average farmer.

## Farm Tenancy Measure

The farm tenancy measure, which failed of passage at the last session of congress, has been cut from \$500,000,000 to \$50,000,000. The purpose of this fund is to help tenants buy the farms which they are at present renting. This would be of interest to life companies as many of their tenant farmers are hardworking and ambitious men who, with a little help, should be able to buy the farms which they are working.

It has been suggested that the tenancy relief proposal may be used to a considerable extent as a means of bailing the government out of some of its Federal Farm Credit Administration loans. This practice would not be considered unsound if reasonable discretion were used.

Improved prices of farm products now appear to have more than offset the drought effect. Since the drought broke around the early part of September, there has been good rainfall in the main agricultural areas and winter grains are in fine condition, with an excellent outlook for 1937. Pastures are also in good condition.

## Wisconsin State Agent of America Fore Group Dies

MILWAUKEE, Nov. 18.—C. E. Hayne, Wisconsin state agent Continental and American Eagle, died on the operating table in a hospital in Milwaukee Tuesday. Three months ago his gall bladder burst and the operation was due to that disability. He was 45 years of age and had been in the Wisconsin field for 10 years. He started with the Continental as office boy in its Cook county department at Chicago 30 years ago.

## Hold Home Office Conference

NEW YORK, Nov. 18.—New York state branch managers of the American Surety and New York Casualty were in conference with home office executives here for two days. The primary purpose, President A. F. Lafrentz said, was to formulate plans for increasing production of casualty, fidelity and surety lines in the state. At the conclusion the visitors were dined at the Engineers' Club.

## Boston Veteran Dies

Henry M. Fenton, who retired Dec. 31, 1935, as Boston manager of the Liverpool & London & Globe, which position he had held for 15 years, died at his home in Brookline. He began his insurance career as office boy in the Liverpool & London & Globe office in

1891. He retired to devote his time to his large personal business.

## J. S. Yantis Dies in Dallas

J. S. Yantis, 43, field supervisor of the Fire Companies Adjustment Bureau in Dallas, died there. He had had long experience as special agent and adjuster. He was born at Columbia, Mo., in 1892, moving to Fort Smith, Ark., in 1904, and later being stationed at Little Rock and Texarkana.

## Cochrane to Stay in Office

DENVER, Nov. 18.—Commissioner Cochrane of Colorado will not retire this year or next, Governor Johnson asserted. "Commissioner Cochrane told me yesterday that he has definitely decided not to retire now or next August and that he is ready to fight to the last ditch any charges which might be made in an attempt to force his resignation," the governor declared. Johnson's statement refutes widely circulated rumors to the effect that Cochrane's resignation was in the governor's possession and that a successor would be appointed before Johnson goes out of office the first of the year. Had Mr. Cochrane elected to retire now it was considered a virtual certainty that Johnson would want to appoint his successor before the end of his term since the new state employee retirement law under which Mr. Cochrane was expected to go out of office last August has never been tested and since many legal authorities doubt its constitutionality it seems very un-

# Booklet Is Issued by National Board on Termite Hazard

The National Board is distributing to member companies and various boards and bureaus a booklet entitled "Termites and Their Relation to the Fire Hazard" which introduces the subject as follows:

"A recent fire, resulting from the use of a flammable liquid as a termite exterminator, has served to focus attention on the termite problem and its possible relation to the fire hazard, especially in existing buildings. While this fire has developed concern due to the use of flammable liquids or chemicals for this purpose, it has also created the fear that the damage to wooden structural members by termites may eventually cause collapse and subsequent fires."

## Methods of Control

An interesting description of the various types of termites is given, telling how they live and work, and how they gain access to wood. Two phases of the problem of their control are emphasized: preventing damage in future construction, and checking infestation of existing buildings.

The conclusion is drawn that the most effective method of control lies in proper construction or reconstruction. Also, wood impregnated with a preservative that is toxic to the termites (such as coal tar creosote) is an effective means of prevention. Tests indicate that thoroughly painted wood is less subject to infestation by drywood termites. Again, the introduction of poison dusts into the termites galleries is the most effective known remedial treatment for wood infested with the drywood termite.

## New Building Construction

In construction of new buildings maximum immunity from infestation can be obtained by eliminating all wood from foundations, cellars, basements, including porches, sun parlors, etc., and in its place employing masonry or concrete, or by substituting wood that has been treated with an effective preservative.

The damage to an existing building cannot be corrected properly unless the location and extent of the infestation are definitely known. Various methods of extermination have been tried, but tests and experience in general prove they are of little value. The most effective remedy is the replacement of wood in or near the basement with concrete or with treated wood and metal termite shields.

## Fire Hazards Presented

The booklet states that "the application of toxic insecticides to woodwork interiors, or as fumigants for the control of subterranean termites is not advocated because the liquids, if flammable, introduce a severe fire hazard if they flash below 100 degrees Fahrenheit. Precautions are: thorough ventilation, absence of open flames or sparking electrical equipment, and avoidance of operations such as might result in sparks."

## Fire Association Fleet's Figures

The Fire Association as of Oct. 1 shows assets \$23,004,618, premium reserve \$8,980,099, capital \$2,000,000, net surplus \$10,099,045.

The Lumbermen's shows assets \$5,140,566, premium reserve \$1,412,945, capital \$1,000,000, net surplus \$2,441,922.

The Philadelphia National assets are \$2,980,742, premium reserve \$505,839, capital \$1,000,000, net surplus \$1,332,283.

The Reliance has assets \$4,215,242, premium reserve \$870,396, capital \$1,000,000, net surplus \$2,080,772.

likely that any attempt will be made to force the commissioner out of office.

## AS SEEN FROM CHICAGO

### FIREMEN'S PEOPLE AT DINNER

The male employees of the Firemen's group in Cook County and Chicago department, of which F. P. Leonard is manager, at their annual stag dinner had a merry occasion. J. J. Heelan, assistant manager of the casualty department, gave the main talk of the evening. W. J. Faymonville of the Milwaukee Mechanics was introduced and said a few words. Mannager W. E. Tucker of the Chicago department spoke. Bernie Amato was chairman. Mr. Leonard looked after the general arrangements.

\* \* \*

### SESSION ON INSURANCE CODE

At the meeting of the Illinois Bar Association in Chicago on Friday of this week, the special committee that is engaged in redrafting an insurance code for the state will have a session. Henry S. Moser is chairman of that particular committee.

\* \* \*

### STRAUB'S AGENCY CHANGES NAME

The United Sales & Service Co., the advertising agency at 222 West Adams street, Chicago, has changed its name to Belknap & Thompson. This is a highly successful agency rendering a personalized type of service. It has some of the large concerns as clients. Associated with the agency is R. C. Straub, who was formerly the advertising service head of THE NATIONAL UNDERWRITER.

\* \* \*

### NORWICH UNION ROUNDUP

The western department field men of the Norwich Union gathered in Chicago this week for a conference with United States head office officials, including U. S. Manager Hart Darlington, Assistant Manager W. M. Frink, and K. S. Ogilvie, manager of the western and southern departments. Usually this conference takes place after the first of the year, but the management decided to hold it at this time to ac-

quaint the field force with the new set-up at the head office. Mr. Frink, who was formerly western and southern manager, was recently made assistant manager and Mr. Ogilvie, who was stationed at Chicago, was transferred to New York to succeed Mr. Frink.

\* \* \*

### MULLINS WITH NATIONAL FIRE

H. W. Mullins, who has been connected with the Michigan Inspection

Bureau in Detroit about six years, has joined the engineering staff of the National Fire in its western department at Chicago. He will operate under Carl Sachs, head of the engineering department. Mr. Mullins is a graduate of Armour Institute of Technology.

\* \* \*

### DEVELOPS REINSURANCE END

The Chicago Insurance Agency, of which A. G. Hailand is the head, has recently started to develop a facultative reinsurance business. Harry Knudson, formerly with the real estate firm of Krenn & Dato, is getting in touch with various sources of business and is

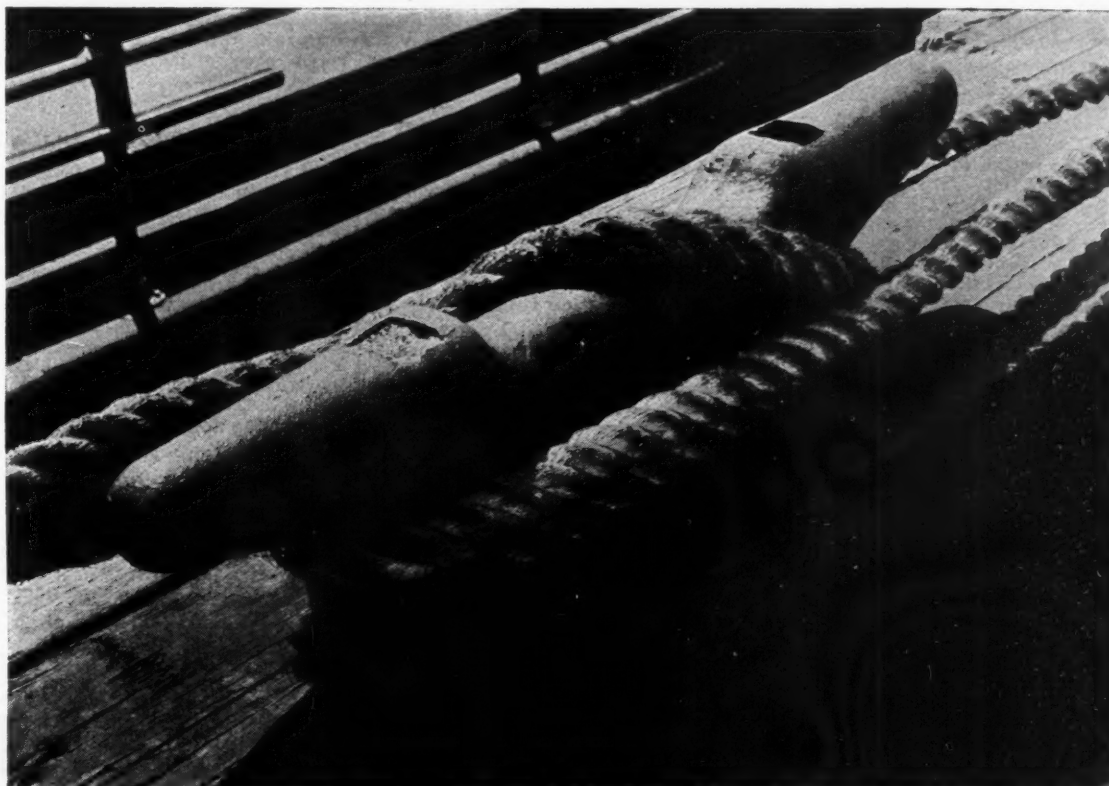
undertaking to develop that branch of the business. The Chicago Insurance Agency uses the American Home Fire for this purpose. The agency is primarily a direct producer, however.

\* \* \*

### MOREAU HEADS LOSS MEN

B. E. Moreau, St. Paul Fire & Marine, St. Paul, was elected president of the Western Loss Association at its annual meeting in Chicago, to serve for one year. He succeeds J. A. McClelland, Great American, Chicago, who was named a member of the executive committee for two years.

E. R. Wilson, America Fore, Chi-



PHILIP D. GENDREAU, N. Y.

### Prominent Manager to Talk to the Examiners



SAMUEL M. BUCK

The Chicago Association of Fire Insurance Examiners will have its annual managers night Thursday evening of this week. Manager S. M. Buck of the Fireman's Fund, who is vice-president of the Western Underwriters Association, will speak, taking as his subject "Salesmanship." J. C. Johnson, president of the association, is connected with the Fireman's Fund and therefore will have the opportunity to portray the characteristics of his chief.

## Sturdy Ties Against Disaster

The people to whom you sell insurance are buying one thing, and one thing only. They want from you, primarily, not bargains or profits, not fancy documents or "new" kinds of coverage. These things are secondary. It isn't insurance, or policies, or "coverage" that interests them. What they want, those clients of yours, is that dream and hope of every man: security — security of home, security of business.

So see yourself as your world should see you — as a salesman of security. Teach your clients and your prospects to look to you as the vendor of that greatest gift of all.

As a salesman of insurance you impose upon yourself an inviolable obligation. It is the obligation that your policies, those sturdy ties you sell against disaster, shall never fail the buyers of insurance who depend upon them for security.

You cannot evade, you cannot escape this fundamental obligation. There is no acceptable excuse for offering your clients a contract of insurance that is less secure, less absolute in its protection, than that of the soundest, staunchest companies. We blow here not only our own horn but that of every strong company. And we blow it not alone for our benefit but for yours, and for your clients'.

The  
LONDON ASSURANCE

The  
MANHATTAN  
Fire and Marine Insurance Company

The  
UNION FIRE  
Accident and General Insurance Company

Ninety Nine John Street New York

cago, was elected vice-president and E. H. Nordgren, Fireman's Fund, Chicago, secretary-treasurer. Floyd Lamerson, Boston and Old Colony, Lansing, Mich., was also given a two-year term on the executive committee.

#### NEW INSURANCE LAW FIRM

Formation of the new insurance law firm of Clausen, Hirsh & Miller with offices at 1027 Field building, Chicago, is announced by Donald N. Clausen, Herbert W. Hirsh and Norman A. Miller. The new offices were launched with an open house which attracted a large number of insurance men and attorneys.

Clarence J. Silber of the old firm of Silber, Clausen, Hirsh & Woley will continue the practice of law at 208 South La Salle street. James D. Woley and Robert L. Silber will be associated with him.

#### MANY RESERVATIONS FOR PARTY

Reservations for the "Gold Rush" party to be held Dec. 9 at the Hotel Sherman by the Insurance Brokers Association of Illinois already number over 400, President R. M. Redmond reports. Last year in spite of the vast accommodations made possible by using the grand ballroom and throwing open all adjoining rooms, there was a serious traffic jam at the affair, attendance being some 1,590 persons. The large early advance reservation points to a similar condition this year. It is expected that besides individuals, all of the insurance organizations will be represented, and various members of the insurance department will attend.

#### Miscellaneous Notes

The Laurence L. Noonan & Co. agency, 20 Clinton street, Newark, has been incorporated by L. L. Noonan, Frances G. Noonan and F. B. Wittel.

The Central Surety Fire of Kansas City, General Fire of Italy and Mutual Creamery & Cheese Factory Fire & Tornado have been licensed in Iowa.

## NEWS OF FIELD MEN

### Ferguson Wisconsin State Agent for Queen and Newark

W. W. Ferguson, who has represented the Royal-Liverpool groups in North Dakota for some time, has been advanced to Wisconsin state agent (outside Milwaukee county) for the Queen and Newark Fire, in succession to J. C. Qualmann, who resigned a short time ago to represent the Phoenix of Hartford in the same territory. Mr. Ferguson, who has established headquarters at Milwaukee, is a graduate of the United States head office of the Royal, having been sent to the North Dakota field after demonstrating his ability as an underwriter.

### Ramsel Home Special Agent

J. Edward Ramsel has been appointed special agent of the Home in Indiana to engage in engineering service. He is a graduate of Armour Institute and has been with the Indiana Inspection Bureau for the past six years at the South Bend office.

### Michigan Blue Goose Party

Nearly 140 Michigan field men, their wives and friends attended the annual dinner-dance of the Michigan Blue Goose in Detroit. The entertainment was handled by a committee headed by H. M. Johnson, Commercial Union. Mrs. O. D. Wiche headed the ladies committee.

### Branch with Royal in Virginia

E. S. Branch has been appointed special agent in eastern Virginia for the Royal group with Norfolk headquarters, assisting George B. Jennings of Richmond, state agent. He succeeds W. H. McLarty, resigned. Mr. Branch was for

some years with the southern department of the Royal in Atlanta. A. Jordan will still assist Mr. Jennings in supervising the remaining portion of the state. Mr. Jennings reassumes jurisdiction over eastern Virginia, which Mr. McLarty had supervised independently.

### Department Men in Field

Oscar Finlay, for 12 years with the Texas insurance department in various capacities, has resigned to become special agent for Hines Brothers, southern managers of Crum & Forster in southwest Texas with headquarters in San Antonio. W. W. Parmelee, for seven years with the department, has become special agent of the Republic of Dallas in west Texas with headquarters at Lubbock.

### Rogers Michigan President

DETROIT, Nov. 18.—At the November meeting of the Michigan Fire Underwriters Association, G. R. Pritchett, American of Newark, resigned as president, due to his transfer to Indiana. J. F. Rogers, North America, vice-president, succeeds him.

Mr. Pritchett will continue to handle Michigan as well as Indiana for several weeks pending the appointment of a Michigan state agent, dividing his time between the two states.

### Greene Joins National Fire

Frank E. Greene, an inspector for the Ohio Inspection Bureau for 13 years has resigned to join the National of Hartford as special agent for northeastern Ohio associated with George H. Wilkinson in Cleveland, and under the general supervision of State Agent Fred Bell. Mr. Greene is president of the Cleveland Insurance Society. He is

an addition to the Ohio field force of the National.

### Two Kentucky Tickets

LOUISVILLE, KY., Nov. 18.—The Kentucky Fire Underwriters Association will hold its annual meeting Nov. 24. So far two tickets have been advanced, one headed by Marshall Mellor, Home of New York; the other by Wallace Smith, Liverpool & London & Globe.

### Kansas Towns Inspected

Fort Scott is being inspected by the Kansas Fire Prevention Association Nov. 19. The next inspection is set for Jan. 20 at Arkansas City.

### Jones Addresses Wichita Puddle

C. M. Jones, field engineer Underwriters Laboratories, addressed the Blue Goose puddle meeting in Wichita, Kan., and gave a demonstration at the fire department for building department and fire officials.

### Call Off Ypsilanti Inspection

The inspection of Ypsilanti, scheduled for this month by the Michigan Fire Prevention Association, has been called off because of conflicting dates of speakers. The next inspection will be that of Jackson in January, Secretary J. F. Bohrer states.

### Guy Deputy Grand Gander

James E. Guy, manager of the automobile department of the America Fore fleet, a member of Illinois Blue Goose, has been appointed deputy most loyal grand gander for Illinois and Wisconsin.

The aged mother of H. M. Johnson of Jackson, Michigan, state agent of the Commercial Union group outside Wayne county, died there.

Fleischer & Pierce have engaged in the insurance business in the Winters Bank building, Dayton, O.

# REINSURANCE.

## FIRE AND ALLIED LINES

### INTER-OCEAN REINSURANCE COMPANY

#### CEDAR RAPIDS, IOWA



114 Sansome St.  
SAN FRANCISCO

215 W. 7th St.  
LOS ANGELES

90 John St.  
NEW YORK CITY

## Farm Fire Preventionists Hold Meeting Next Month

### I. D. GOSS IS THE CHAIRMAN

Number of Interesting Topics Will be Taken up at Conferences of Two Groups

WASHINGTON, D. C., Nov. 18.—The agricultural committee of the National Fire Waste Council, which is affiliated with the Chamber of Commerce of the United States, will hold its next meeting in Chicago Dec. 3. The farm fire protection committee of the National Fire Protection Association will meet at the same place Dec. 2. Members of both committees have been invited to attend the two meetings.

I. D. Goss, manager farm department America Fore, Chicago, and chairman of the agricultural committee, has arranged a program which includes several addresses on subjects of interest to those engaged in the prevention of farm fires. L. P. Dendel, secretary, Michigan Association of Mutual Insurance Companies, has been invited to speak on the electrical inspection law of his state. The subject of rural electrification will be discussed by the committee with a view to formulating a definite program to make electric wiring in rural communities safe. Dr. E. A. White, who heads the committee on the relation of electricity to agriculture, will lead the discussion.

W. J. Scott, fire marshal of Ontario, will speak on the trend of farm fire losses in Ontario and Fire Marshal S. B. Coultas of Illinois will give an address on arson. Other speakers will be

H. K. (Smoky) Rogers, Western Actuarial Bureau, and J. L. Epler, Dayton, O., who has made a special study of spontaneous ignition of farm products. In addition, a number of reports will be submitted by the members of the committee covering the farm fire prevention activities they have sponsored in their respective fields during the past year.

The agricultural committee is one of the most active committees of the National Fire Waste Council and its membership includes many leaders in the farm fire prevention movement.

Charles R. Tomkins, Jr., Gallatin, Tenn., local agent, will marry Miss Mary Lee Pardue in January.

## Insurance Men Selected to Study Newark Tax Problem

NEWARK, Nov. 18.—Appointment of a committee of business and professional men and lawyers to study the possibility of substituting a tax for the personal property tax was announced this week by Finance Director Minister of Newark. Insurance men on the committee include Col. L. B. Ballantyne, head of the surety department of the Commercial Casualty; J. M. Byrne, Jr., local agent, H. K. Corbin, director American of Newark, E. D. Duffield,

president Prudential, W. C. Fiedler, local agent; John R. Hardin, president Mutual Benefit Life; John R. Cooney, president Firemen's; Paul B. Sommers, president American of Newark. It is expected that a meeting of the committee will be called within a week. The recommendations made will be drafted into legislation to be presented to the next legislature, meeting in January. The tax has been one which the insurance companies and other large corporations have been fighting for some years, as being excessive.

Read "Surety Agents' Guide" by Lunt. \$1.50. Order from National Underwriter.

## Security for American Property Owners Since 1841

HERE is illustrated an automatic train control. This "superhuman engineer" helps keep a train on schedule time and permits running safely at maximum speed established by conditions ahead.



Illustration Courtesy Chicago Northwestern Railway

## INSURANCE STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. La Salle St., Chicago, at close of business Nov. 17, 1936

	Par	Div.	Bid	Asked
Aetna Cas. ....	10	3.00*	101	104
Aetna Fire ....	10	1.60	46	48
Aetna Life ....	10	.80	27 1/2	28 1/2
Agricultural ....	25	3.00	84	87
Amer. Alliance ..	10	1.20*	23 1/4	24 1/4
Amer. Equitable ..	5	1.20*	35	36 1/2
American (N. J.) ..	2.50	.50	12 1/4	13 1/4
Amer. Surety ....	25	2.25*	61	63
Automobile ....	10	1.20*	33	35
Balt. Amer. ....	2.50	.30*	8	8 1/2
Boston ....	1.00	21.00*	620	635
Camden Fire ....	5	1.00	19 1/4	20 1/4
Carolina ....	10	1.20*	26	28
Contl. Cas. ....	5	1.00	28 1/2	30
Contl. Ins. ....	2.50	1.45*	43	44
Cum & For. Com. ..	10	.90*	30	32
Fidelity & Dep. ..	20	2.25*	128	130
Fidelity-Phen. ....	2.50	1.45*	48	49
Fire Assn. ....	10	2.50*	82	84
Fireman's Fund. ..	25	4.00	94 1/2	95 1/2
Fireman's F. Ind. ..	10	...	32	34 1/2
Firemen's (N. J.) ..	5	...	10 1/4	11 1/4
Franklin ....	5	1.20*	29 1/2	30 1/2
Glens Falls ....	5	1.60	45	47
Globe & Repub. ....	5	.50	19	20
Gl. & Rut. (com.) ..	25	...	65	68
Gt. Amer. Fire. ....	5	1.20*	26 1/4	27 1/4
Gt. Amer. Ind. ....	1	.15	8	10
Halifax Fire ....	10	.90**	22	23
Hanover Fire ....	10	1.60	37	38
Harmonia Fire ....	10	1.20*	28	29
Hartford Fire ....	10	2.00	73	75
Htfd. Steam Boil. ..	10	1.60	73	76
Home F. & Mar. ....	10	2.00	41 1/4	44
Home Fire Sec. ....	10	...	5	5 1/2
Home (N. Y.) ....	5	1.20*	37 1/2	38 1/2
Homestead ....	10	1.00	20	22
Ins. Co. of N. A. ....	10	2.50*	74	76
Kan. City F. & M. ....	10	.60	20	22
Knickerbocker ....	5	.50	15	16
Md. Cas. com. ....	1	...	9	10
Merch. Mfrs. ....	5	1.40	11 1/4	12 1/4
Merc. Assur. com. ....	5.00	1.60	57	60
Natl. Cas. ....	10	.80	19	21
Natl. Fire ....	10	2.00	64 1/2	66
Natl. Liberty ....	2	.40*	9	10
Natl. Union ....	20	4.00*	136	139
New Am. Cas. ....	2	...	15 1/2	16 1/2
New Brunsw. F. ....	10	1.30	33	35
Northern (N. Y.) ..	12.50	4.00*	98	100
North River ....	2.50	1.00*	27	28
N. W. Natl. Cas. ....	2.50	.10	6 1/4	7 1/4
N. W. Natl. Fire ....	25	6.25*	123	127
Pacific Fire ....	25	5.00*	128	131
Phoenix, Conn. ....	10	2.50*	85	87
Prov. Wash. ....	10	1.25*	38	40
Repub. Ins., Tex. ....	10	1.00	26	27
Rossia ....	5	.80*	12	13
Security ....	10	1.40	32 1/2	34
Southern Fire ....	10	1.20	26	27
Spfld. F. & M. ....	25	4.75*	123	126
St. Paul F. & M. ....	25	7.50*	205	210
Travelers ....	100	16.00	460	475
U. S. Fire ....	4	1.90*	53	55
U. S. F. & G. ....	2	...	27	29
Westchester Fire ..	2.50	1.40*	33	35

\*Includes extra. \*\*Canadian funds.

# Security

Security—everybody wants it. Railroads obtain it with automatic train control.

Insurance companies obtain it by building strong, conservative, dependable organizations. One such company is the Security of New Haven. It has been providing "Security for American Property Owners Since 1841." It appeals to those agents who want a sound, progressive New England company in their agency.

Do Business with a Strong American Stock Company Operating Through Responsible Agents

HOME OFFICE  
NEW HAVEN, CONN.

1841  
**Security Insurance Company**  
OF NEW HAVEN, CONNECTICUT

WESTERN DEPT.  
ROCKFORD, ILL.

*The East and West*  
**Insurance Company**  
OF NEW HAVEN, CONNECTICUT

**PACIFIC DEPT.**  
SAN FRANCISCO, CAL.

*The Connecticut*  
**Indemnity Company**  
NEW HAVEN, CONNECTICUT

## Expect Others to Follow Vick's Lead

(CONTINUED FROM PAGE 3)

with London Lloyds for many of the large American companies. This form of reinsurance competes with the conventional treaty reinsurance and is anathema to the treaty reinsurer.

It is unlikely that the Vick corporation intends to assume much, if any, risk in connection with its projected reinsurance activities. Probably there will be a 100 percent reinsurance arrangement with London Lloyds. The Reinsurance Corporation of New York will provide admitted reinsurance, so that the direct writing company can buy London Lloyds cover and still comply with those state laws which attempt to prevent reinsurance with non-admitted companies. The Guy Carpenter organization has a company known as the Excess Reinsurance Company, which is used to enable direct writers to comply with state laws governing unauthorized reinsurance.

Willis Faber & Co., of London, is in the Vick corporation picture and Willis Faber & Co. will probably direct the insurance activities of Reinsurance Corporation of New York.

### Possibilities Are Viewed

Superficially, there would not appear to be much room for the development of excess of loss covers in this country. The Guy Carpenter organization has the contracts of most of the large American companies. Most observers believe that excess of loss covers are not advisable for smaller companies and nearly all of the foreign institutions are committed to the treaty form of reinsurance. If Reinsurance Corporation of New York intends to make a serious bid for this business, they will probably make a drive for the business now controlled by Mr. Nichols.

A good many insurance men believe that these excess of loss covers really guarantee a profit to Lloyds. However, those who handle such covers, say that this is not true. The maximum point beyond which the premium cannot be increased is frequently reached and sometimes a direct company has a very bad loss experience the fifth year of the contract and does not renew, so that Lloyds does not have an opportunity to recoup for the losses during the final year.

### Apprehension Is Felt

Some insurance observers express apprehension lest the government be attracted to this method of avoiding the undistributed profits tax and sentiment develop in favor of imposing that tax upon all insurance companies.

Another fear is that several of these concerns may be created, with the intention perhaps of only making the gesture of engaging in the insurance business, but later being induced to make a serious effort to handle insurance. If these newcomers should make a drive for insurance, they might be tempted to pursue disturbing practices in the way of rates, commissions and forms.

The reinsurance people are particularly interested in the possibilities. They say that they would not be concerned if the new reinsurers intended to engage in the business seriously, but they don't like the idea of competition from organizations that are not primarily insurance minded.

### Former Owners of Pilot Life

The Vick people have had some experience with insurance. The Richardson family, who are the largest stockholders in the Vick Financial Corporation, at one time owned one-third of the stock of the Pilot Life of Greensboro, N. C.

In the notice to stockholders of the meeting on Dec. 10, the statement is made that the reinsurance plan will enable the management to employ its capital in the business of reinsurance in the fire and inland marine field.

"Your company," the bulletin stated, "has had two sources of steady income—interest on bonds and dividends on stocks. Consummation of the proposed reorganization will provide an additional source of possible income—profits in the employment of your capital in the reinsurance business—in other words, three strings to our bow instead of two as at present."

### Large Investor in Stocks

Vick Financial Corporation has invested 98.5 percent in stocks. In the message to stockholders, the statement is made that the time is likely to come when conservative policy will dictate a switch from common stocks to bonds. However, the decline in money rates has so reduced the yield from bonds that if such a position were taken today only a very low yield could be obtained. To meet that condition the directors became interested in finding some other employment to which the capital could be put, which would bring in additional income and which would permit the corporation to continue its present investment policy of wide diversification.

The business that the corporation would write, according to the message to stockholders, would consist primarily of excess of loss covers. "This is a new business for American capital," the message states, "but it is an old business for foreign capital—especially English and Swiss. London is now headquarters for this type of reinsurance and while no accurate figures are available, we are informed that American insurance companies send abroad each year many millions of dollars for such reinsurance." The directors concluded that this is a proper field for American capital, that from all indications it should be a growing field and that it offers prospects of reasonable promise in proportion to the reasonable business risks assumed, provided the proper technical management can be secured.

"Such management," the message states, "with experience both here and abroad, we believe, will be secured on exceedingly favorable terms under contracts now being negotiated." There will be no change in the management of the investment end of the corporation and control of the company will remain in the same hands. There will be no commission to anyone on account of the reorganization and no expenses except incidental ones.

## Missouri Department Has Taken Over the Reciprocal

(CONTINUED FROM PAGE 3)

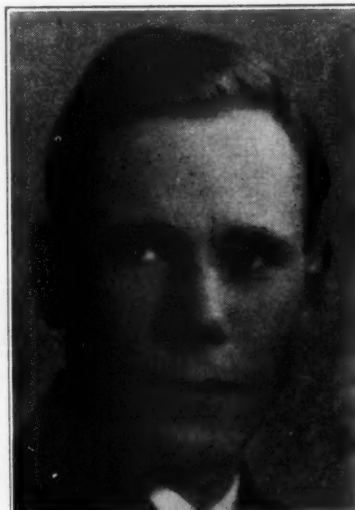
business of the Manufacturing Lumbermen's elsewhere. A hitch developed, however, when the attorney-in-fact of Manufacturing Lumbermen's objected. When it became apparent that the various interests could not agree, Superintendent O'Malley was placed in charge of Manufacturing Lumbermen's.

Charles M. Howell, Kansas City attorney, who represents most of the reciprocals of Missouri, Mr. O'Malley and others were in conference over the long distance telephone with Alfred M. Best in New York undertaking to arrange for preservation of the business of Manufacturing Lumbermen's.

The management of the Pearl was interested, because that company has been ceding reinsurance on an excess of loss basis to Manufacturing Lumbermen's.

The A. M. Best Company gave this concern an "A plus" rating in its 1936 "Best's Insurance Reports." The first of the year the assets were \$3,027,090, premium reserve \$1,118,676 and net surplus \$1,530,115. It is interesting to learn from the report on this concern, "the

## Heads Junior Body



PAUL R. LAURENSEN, Canton, O.

Agents interested in the state association of insurance agents movement are watching keenly the departure in Ohio where the Junior Ohio Association of Insurance Agents has started. The president is a young man who has been active in the enterprise and is a son of C. R. Laurenson, president of the Laurenson Agency Company of Canton, who is one of the leading factors in the Ohio Association of Insurance Agents. Mr. Laurenson attended St. Xavier University in Cincinnati and left there in his second year. He got a position in a bank at Canton and the year following he entered his father's agency, in April, 1933.

surplus represents the aggregate surplus funds of the individual account maintained by each subscriber. Under the new plan these surplus funds representing the accumulated reserves of assessable policyholders may be utilized to take care of any deficit incurred in the writing of non-assessable policies. The management states that during the period the exchange has accepted non-assessable risks, for approximately three years, the experience on such business has been favorable, benefiting to that extent the members who are on the participating basis."

### Spotlights Non-assessables

The experience of this concern undoubtedly will open up the whole question of non-assessable policies with both reciprocals and mutuals. Here is a concern now in deep water with its non-assessable business and the accumulated surplus largely contributed by assessable policyholders to be used, if the management has its way, to meet the deficit of the non-assessable end of the business.

Superintendent O'Malley declares the advisory committee and attorney-in-fact are cooperating with him. He does not look for any opposition to his continuance in charge of the affairs of the concern until a satisfactory adjustment is reached. No new business will be accepted although existing policies will be renewed as they expire.

Commissioner Goodpastor of Kentucky has revoked the reciprocal's license. Commissioner Gentry of Arkansas is holding up action until more definite information is secured.

(CONTINUED ON PAGE 42)

## J. T. Byrne Is Re-elected

J. T. Byrne has been re-elected chairman of the board of managers of the American Syndicate for Insurance of Foreign Hulls. Deputy chairman is Douglas F. Cox; acting chief underwriter, D. C. Anderson; treasurer, E. W. Schuler, and secretary, N. S. Adams.

## Technicians Meet on Crop Coverage

(CONTINUED FROM PAGE 3)

recovery would be in kind. However, it is likely that warehouse receipts would be given to the farmer instead of the actual grain. The government would stand all the cost of administering the program and the warehousing.

Some of the insurance people have expressed the opinion to the government experts that there is likely to be adverse selection against the government in that farmers who would be called upon to pay high rates because of the likelihood of loss would be the ones to purchase crop insurance, whereas the farmers with a low rate and little likelihood of loss would choose not to participate, particularly since they would have to make soil conservation commitments, etc. The government experts believe, however, that the rates will be so high in the very poor localities that farmers there will be deterred from buying on account of the cost.

The insurance people are convinced that a salable crop insurance plan would not be sound and a sound plan would not be salable.

### Criticism Narrow Base

The insurance people are also critical of the narrow base upon which it is proposed to project the rates. They believe that a wider base is preferable than the experience of the individual farmer and the county.

The practical hail insurance men believe that the crop insurance plan will not eliminate hail insurance as written by private carriers. They believe perhaps during the first year or two of the crop insurance scheme that the farmers will participate extensively in the government project but that they will return to private carriers when shortcomings of the government scheme become apparent. The hail men express doubt that the federal government will produce anything more attractive to the farmers in the way of crop insurance than the various states have provided in the way of hail insurance. All of the state hail insurance plans that have been set up have languished.

For one thing, the hail men believe, any government plan will involve much red tape and will require that the farmer commit himself to certain soil conservation practices, etc. Furthermore, the theory is that payment of benefits will not be promptly made by the government but will be deferred at least until the harvest has been completed. The delay in payments has been one of the main objections so far as the farmer is concerned to the state hail funds. The private carrier, in the event of hail damage, makes an estimate of the loss and makes settlement while the grain is still growing.

### Insuring Full Crop

The farmer is likely to object to the arrangement under which only his average production is insured. With a good crop in prospect, he would be likely to insure, at least against hail loss, for the full prospect for that year.

Hail insurance is not one of the most attractive lines that the companies write. In the long run it may be counted upon to provide a small profit, however. During the past few years, with volume of hail business so greatly reduced, the expense problem has been acute. A servicing organization must be maintained in all seasons and the cost of maintenance has been proportionately very high lately. The main advantage in the business to the companies that engage in it is the hold that it enables an insurer to get upon agents. A company offering hail writing facilities has a big talking point among agents in many sections of the country.

Perhaps the top company executives would not be greatly distressed if government crop insurance should eliminate hail insurance, but it would of course be a stunning blow to executives and employees in the hail writing divisions and

it would be a blow to a good many agents that have a sizable hail insurance income.

#### BEFORE NATIONAL GRANGE

COLUMBUS, O., Nov. 18.—The National Grange, now in session here, is giving consideration to crop insurance and it is expected that formal action will be taken before adjournment. The members favor some sort of crop insurance, and there is demand for a plan that is businesslike and not hampered "by brain trust theorizing in Washington." A memorandum calls for crop insurance planned and operated by farmers; that there be no price or value payments, but that the insurance be high enough to pay cost of labor and seed, tiding the farmer over to the next harvest; that the rates vary in different localities, so that the good farmer need not stand the losses incurred by the marginal producer.

One speaker said drouth is the impelling reason for crop insurance and another declared that any plan adopted should be based on voluntary principles with rates suited to conditions in given areas.

#### Carriers Ask Considerable Data About Trailer Risks

The Retail Credit Company has been giving instructions to its staff on getting information concerning trailers.

In underwriting owners of home trailers the insurance company must have information as follows:

1. Is the trailer a two-wheel or four-wheel type?
2. Is it a homemade body or the product of an experienced manufacturer?
3. Is the trailer used regularly through the year, seasonally, or just rarely during annual vacations? (Full information needed on extent of use.)
4. Is trailer used for business purposes? (Extent and nature of such use.)
5. Is assured a permanent resident of the city or town shown as the home address, or is he a transient type of person, moving from place to place and living principally in the trailer?

In addition, the insurance company now wants to know on every passenger car risk they insure, whether or not the assured owns a home trailer. They often do not know assured has a trailer unless specific insurance is applied for. Automobile policies of casualty companies covering public liability and property damage afford no coverage for either the automobile or trailer in connection with an accident which occurs while the trailer is attached, unless trailer coverage is specifically extended. Many assured probably do not know this is true. Companies want to know whether the assured owns and uses a home trailer in order to extend appropriate coverage and thereby render proper service to their risks.

Fire, theft and collision policies cover the car even though a trailer is attached. They extend liability even though the fire or collision is the direct result of an attached but uninsured trailer. If they had known of the trailer's being owned or operated by assured, they might not have written the coverage, or would have obtained the premium for the trailer.

#### New Feature in Auto Guide

The quarterly official automobile guide issued by the Recording & Statistical Corporation will contain data pertaining to used car values which will be obtained from the National Automobile Dealers Association. This is the only official organization equipped to obtain reliable used car sales reports from automobile dealers throughout the country.

The Dec. 1 edition will show the average retail cash prices supplied by National Automobile Dealers Association.

The Recording & Statistical Corporation claims that this automobile guide carries more information pertaining to

passenger cars, trucks, commercial trailers and auto homes, labor and part cost, than any other publication. A digest of motor laws is included. It is extensively used by insurance people in all departments.

#### Mutuals May Select Grand Rapids for 1937 Convention

GRAND RAPIDS, MICH., Nov. 18.—The big mutual organizations are giving consideration to Grand Rapids for their next national conventions in October, 1937. E. L. Poor of Chicago, representing the American Mutual Alliance; H. P. Cooper of Indianapolis, secretary National Association of Mutual Insurance Companies, and Milo White of Fremont, a director of the latter association, visited the city to inspect hotel and convention hall facilities. If Grand Rapids is chosen the National association, the Federation of Mutual Fire Insurance Companies and the Michigan Association of Mutual Insurance Companies would all meet here the first week of October with about 1,500 attending. This year's meetings were held in Philadelphia. It was stated that if Grand Rapids is not chosen it is likely that the meeting will go to Detroit.

#### Give Attention to Device of Star Spark Arrester Co.

Farm insurance people in recent years have come to regard spark arresters as one of their best friends. The underwriters are convinced of the efficacy of these devices. A very large proportion of farm fires are caused by sparks on roofs and any device that serves to reduce the loss from this cause is most welcome.

One of the leading makers of these devices is the Star Spark Arrester Company of Oskaloosa, Ia. They are marketing a device which overcomes some of the difficulties often encountered. They have a patented design requiring a series of baffle plates which permit a free outlet of smoke and flue gases regardless of wind direction. These baffle plates prevent the escape of large sparks. This is due to the fact that the combined area of the baffle openings approximates the area of the flue openings. The application of this principle makes the Star Spark Arrester successful.

The arrester is constructed with interwoven and approved copper bearing wire. This is resistant to all destructive acids or elements as an extra

precaution. It is finished with an extra heavy protecting coating of galvanizing, double dipped. The smooth finish surface prevents any accumulation of soot and adds to the high resistance against weather and smoke-acid damage.

The Star Spark Arrester Company has complied with the specifications of the National Fire Protection Association and the arresters have their approval.

In most jurisdictions installation of spark arresters entitles the property owner to rate credit.

The partners in the Star Spark Arrester Company are Thomas Ritchie and W. W. Reasoner.

#### Lectures Heard by 325

Attendance of 325 persons was recorded at the two lectures conducted in the Chicago Board auditorium on the subject of various significant changes in rules and practices made in recent months. Assistant Manager R. A. Parker conducted the first meeting and D. P. Skaer, superintendent of rating, the second. They went through the rule book, explaining the changes for the purpose of a better understanding of the purposes and details of the new regulations.



## '48 to '79

**A**LTHOUGH for more than fifty years the *Old Man on the Fence* has been the trade-mark of the Ohio Farmers Insurance Company, the period prior to his advent saw a series of Company devices almost as interesting.

These early trade-marks are carefully preserved in the historical collection at our Home Office and visitors are always welcome to see them.

Ohio Farmers Policy No. 2 displays that mythical bird—the phoenix, rising from a bed of flames. A later policy

shows American patriots gathered around the shrine of Liberty; then an eagle holding a firebrand and following all these is a young man with a scythe who so closely resembles the "Old Man" as to give rise to the fiction of being that self-same person in his youth.

These antique devices take a proud place among the Americana of insurance. Certainly they depict the origin of a once pioneer institution, now grown to nation-wide recognition.

## OHIO FARMERS INSURANCE COMPANY

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## EDITORIAL COMMENT

### Looking After Smaller Agents

THE NATIONAL ASSOCIATION OF INSURANCE AGENTS is confronted with a rather embarrassing proposition presented by those who are particularly interested in farm and rural agents. Most of these men have not the income enjoyed by agents in the larger places. The point has been made that the NATIONAL ASSOCIATION OF INSURANCE AGENTS could well afford to admit farm people with dues reduced. The organization evidently hesitates to make any reduction in its minimum charge and foresees many complications if it does so.

The agency association doubtless feels that if it reduces the minimum dues in the state associations there will be small agencies in cities that will demand the same classification.

This does open a very important question and yet there should be some means devised so that farm agents can have the advantage of some of the facilities of the NATIONAL ASSOCIATION OF INSURANCE AGENTS at least. In fact the agency body as a whole would be strengthened if the farm people were represented in it. There are some farm agents largely of a supervising capacity whose income would justify paying the present state dues.

The problem of dealing with the smaller income people or institutions is not only before the NATIONAL ASSOCIATION OF INSURANCE AGENTS but it is found coming up with other organizations. For instance, at the recent annual meeting of the AMERICAN LIFE CONVENTION, which is composed of executives of life companies largely from the west and south, the LEGAL SEC-

TION of that body decided to create a class known as "associate members" with less dues and giving limited powers in the membership. These people, for instance, would not be allowed to vote nor would they have the whole facilities of the organization. In order to avail itself of the machinery of the LEGAL SECTION a company must join the AMERICAN LIFE CONVENTION. Many attorneys who have an insurance practice are not connected officially with companies. There are some small companies that cannot qualify for membership under the present standards nor can they perhaps afford it. But these attorneys desire to get the "Legal Bulletin" and have the opportunity of conferring with counsel of companies on legal questions.

At the same meeting of the AMERICAN LIFE CONVENTION the question arose in the INDUSTRIAL LIFE SECTION as to what could be done with the small industrial companies that cannot qualify for membership in the AMERICAN LIFE CONVENTION because they do not have sufficient ordinary life insurance in force. A special committee was appointed to take up the question with the management of the AMERICAN LIFE CONVENTION to see if a limited membership class could be created with less dues.

Perhaps the NATIONAL ASSOCIATION OF INSURANCE AGENTS can work out some plan where these small agents can join a class or group but will not have the full facilities of the state body nor will they be permitted to have a voice in its activities.

### Preferential Treatment on Taxes

SECRETARY BENNETT of the NATIONAL ASSOCIATION OF INSURANCE AGENTS, in his recent addresses pointing out the danger of the consumer cooperative buying movement in this country, points out that in many ways these cooperatives are favored through preferential tax treatment. This naturally militates

against any other system of buying. If the cooperatives are to become a factor then they should be on a state of equality so far as their relationship with the government is concerned. Their taxes should be on the same basis as that of any other enterprise engaged in the same line of business.

### Younger Men to Carry On

AS THE younger generation has forged to the front in the councils of the NATIONAL ASSOCIATION OF INSURANCE AGENTS, giving considerable impetus to the activities and extending the influence of the organization, the same happy condition is to be found in the head offices of many companies, assuring to the business future leadership well worthy that now existing, and ability to meet such intricate problems that will unquestionably arise in the conduct of the affairs from time to time.

The president of one of the progressive offices expressed the fear some years ago as to whether the business was training men competent to assume executive responsibilities when the generation then in charge had passed on. A survey of conditions existing in the great majority of the companies today attests the groundlessness of such fear and affords assurance both to the agency force as a whole and to those holding stock in such insurers that their interests will be as competently looked

after in years to come as has been the case heretofore.

The younger generation appreciates the fundamental changes going on in the economic life of the country and, unhampered by tradition, is preparing to adapt itself thereto. In this the young men are encouraged by their superior officers, who through counsel

serve to keep the energy of youth within safe bounds, without dampening ardor. Change is the order of the day in every avenue of effort, and happily the ranks of underwriting, both in field and office, include men who realize the fact and, sympathetic with it, are prepared to adapt their policies accordingly.

## PERSONAL SIDE OF BUSINESS

**George A. Petrie**, local agent at Alexandria, La., who recently died, was the first man to advocate paid business management for state local agents' associations. He got the plan inaugurated in Louisiana with John D. Saint as manager. He later saw this same plan established in modified form in states like Arkansas, North Carolina, Oklahoma, Florida, South Carolina, Ohio, etc.

Insurance Commissioner **Dan C. Boney** was reelected to office in North Carolina and therefore will remain on the throne, to the great satisfaction of all who know him.

The fire underwriting fraternity will be interested in the unveiling of a bronze tablet in the Confederate Veterans Home at Atlanta to the late **Col. A. H. Wray**, long United States manager of the Commercial Union. In 1907 Colonel Wray, holding the pension he received from the federal government for services during the Civil War would be of greater benefit to former foes, regularly assigned the payments to the trustees of the Atlanta home.

**Fred May**, staff adjuster with the Wichita office of the Underwriters Adjusting, is recuperating in a Wichita hospital, following an appendix operation.

**H. S. Visscher**, state agent of the Royal-Liverpool groups in New York, was honored at a luncheon at the head office marking his 30th anniversary with the group. He was presented with a set of pipes by his associates.

The **Ed P. Eppich & Son** agency of Denver will celebrate its 40th anniversary as representative of the State of Pennsylvania at a party for insurance leaders of the state Nov. 20.

**Harry J. Hunter** of Jackson, Mich., state agent of the Fidelity-Phenix and First American of the America Fore group, died in his city this week of a heart attack. He had directed the Michigan field activities for most of this year, formerly for some 15 years having been special agent for the companies in Michigan and also traveled in other points for the fleet. The funeral services were held Thursday at Jackson, Secretary H. W. La Rue of the western department, Chicago, attending.

**A. F. Rathbun**, 50, assistant manager of the farm department of the Home of New York in Chicago, died in his apartment there of a heart attack. He had been with the Home's farm department for about 20 years, formerly after training in a business college at Des Moines having gone with the old Hawkeye of Des Moines in a clerical capacity and doing some traveling in the state. Then for a time he sold life insurance out of

Des Moines. He joined the Home in 1917, remaining as farm special agent at Des Moines until 1932, when he was transferred to the western farm department at Chicago, managed by Lesch & Cornell, with title of assistant farm manager. He was a Mason and well known in the middle western field; a man of ability and pleasing personality.

The engagement of Miss Josephine B. Metts of Raleigh, N. C., to **S. H. Hunt**, special agent State Assurance and Providence Fire in Virginia and North Carolina with headquarters at Raleigh, is announced. The marriage will take place the latter part of this month. Mr. Hunt is a nephew of the late Edward Hunt, formerly assistant manager at Atlanta for the A. H. Turner group and later at the home office of the National Union in Pittsburgh.

About 90 friends of **Fred E. Hoffman, Jr.**, Missouri state agent of Concordia with headquarters at Sedalia, honored him at a dinner at Blue Hills Country Club, Kansas City. Mr. Hoffman has been in insurance work 50 years and with the Concordia 26 years. In addition to Missouri field men, those in attendance included W. E. Wollager, vice-president of the Firemen's group and president of the Concordia; R. J. Brandenburg, secretary-treasurer of the Concordia, and A. H. Lockwood, general adjuster Firemen's group, New York City. C. L. Tindall, state agent Firemen's and Girard, was in charge of arrangements. Alvin C. Tripp, insurance attorney, was toastmaster.

Mr. Hoffman is 67 years old, but still as active as ever. He was presented a leather golf bag and a cocktail set.

**Paul L. Haid** of New York City, president Insurance Executives Association, was in Chicago Monday and left that afternoon for Springfield, Ill., to confer with Insurance Director Palmer Tuesday, and from there went to Peoria where he was on the program for the annual meeting of the Illinois agents.

Commissioner **J. C. Blackall** of Connecticut, who is chairman of the joint legislative committee on the unemployment compensation law for his state, has been unusually busy considering a draft to be presented during the next special session. Commissioner Blackall sits until January as senator from the first district.

**H. F. Gregg** of New York, assistant western manager of the Royal-Liverpool groups, is on a middle western trip that is taking him as far west as Omaha.

**Fred R. Scobie**, one of the veteran farm agents of Wisconsin, died at his home in Berwyn, Wis. His funeral this

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week was attended by a number of officials of the America Fore's western department which he had represented for many years, including E. A. Henne, vice-president; C. A. Alexander, agency superintendent; Ira D. Goss, manager farm department, and Eloy Peterson, former farm department manager, who has retired. Mr. Scobie was appointed an agent of the old Phenix of Brooklyn in Wisconsin in 1900 and some two or three years later traveled Wisconsin for that company as special agent for a number of years. Then he returned to agency work in which he continued until his death, building up one of the larger farm agencies in the state. It later represented for many years the Fidelity-Phenix, which is still in the office. Mr. Scobie was a Mason and active in the civic life of his section.

R. E. Vernor, manager of the fire prevention department, Western Actuarial Bureau, Chicago, was toastmaster at a banquet of the Chicago alumni chapter of Sigma Chi honoring several nationally known members of the fraternity. These included John T. McCutcheon, the famous cartoonist (Purdue '89); Lawrence A. Downs, president Illinois Central railroad (Purdue '94); Don H. McGibney, news commentator of WMAQ, and Joe Emerson, "Gold Medal Hour" star soloist, all of whom were on the program. Mr. Vernor's alma mater is Albion.

#### Baarcke Succeeds Dismukes

J. M. Baarcke has been placed in charge of the Greenville, S. C., office by the Fire Companies Adjustment Bureau. For several years he has been senior adjuster at Columbia, S. C. He succeeds J. P. Dismukes at Greenville, the latter being on leave of absence due to ill health. Mr. Dismukes is to be given another assignment when he recuperates.

#### Made Chairman



J. GILBERT LEIGH  
Little Rock

J. Gilbert Leigh, head of L. B. Leigh & Co., general agents at Little Rock, has been appointed chairman of the entertainment committee, looking after the meeting of the National Association of Insurance Commissioners to be held at Hot Springs the week of Dec. 7.

Herbert L. Thomas, president of the Pyramid Life, is vice-chairman of the committee. Commissioner U. A. Gentry of Arkansas will be the official host. There will be no set speakers at the meeting. There will be chiefly executive sessions, meetings of committees and conferences.

A sight-seeing trip will be one of the features, Dec. 7. The visitors will play golf at Hot Springs Country Club that afternoon. Monday night a dinner will be held in honor of visiting commissioners, deputies and their guests. A luncheon in honor of women guests will be held Tuesday and a bridge party that afternoon. A dinner-dance will be held that evening, with more golf Dec. 9.

#### Ohio Department Has Put Out Informative Booklet

Superintendent Bowen of the Ohio insurance department has got out an illuminating booklet of 16 pages and cover, giving in tabloid form the different branches of the department and the functions of each. It is designed to acquaint the public with what the insurance department is doing and to enable it to get sufficient appropriation to carry on the very important work. The public is advised in the foreword by Super-

intendent Bowen to purchase insurance from licensed agents and authorized companies. People are cautioned against the professional life insurance "abstractors, counsellors, estate planners," etc. Mr. Bowen says that some of these have done a tremendous amount of damage in disrupting life insurance programs. Mr. Bowen says: "Investigate carefully before you change from your trusted life insurance counsellor to an unknown quantity."

Then under various heads of departments are given the duties, these being the superintendent, deputy, assistant to the superintendent, warden, and the various sections: Actuarial, fiscal, li-

cense, examination, bureau of lost policyholders, fire insurance rating bureaus. Under the examination section comes the bureau of examiners, of investigation, of real estate survey, of evaluation of securities, of legal examination and taxation and the bureau of statistics.

#### Kansas City F. & M. Dividend

KANSAS CITY, Nov. 18.—Directors of the Kansas City Fire & Marine met for the first time in their new home office here to declare the second 1936 dividend of 30 cents a share on common stock. The company had two similar dividend payments last year.

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When you get a man to compare the premium outlay for specific coverage for fixed amounts against the cost of one big level amount of coverage in the personal property floater policy, his sense of value makes the sale. And according to agents' experience, once a property owner has this policy he will have no other. Once on the agent's books it stays.

A sample policy with complete information, together with rates applying in your territory, will be furnished without obligation.



GEO. A. SEAVERNS, JR.

Briggs A. Hoffmann, vice-president, Lawton-Byrne-Bruner Insurance Agency, St. Louis, has patented a practical file-folder which is being used effectively by Millers National agents in making their sales presentations on the personal property policy. It is an advertising "natural" and does the job.

Would you be interested in the results these agents are obtaining? Would you like to have a sample copy? We have purchased a liberal quantity to assist our agents in producing this business and will send a copy along with complete information on the policy. Use the coupon below, which is attached for your convenience.

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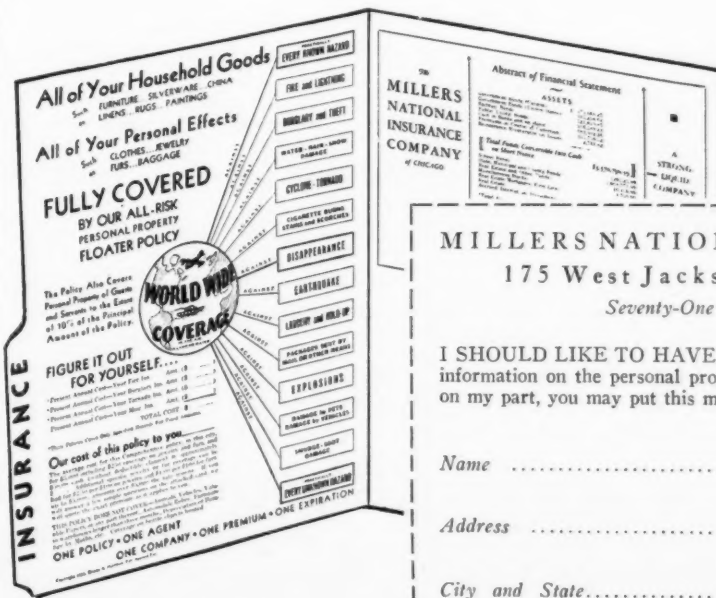
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# Stewart Named Head of Illinois Agents

## Liscomb in Talk on Streamlining

Urges Agencies to Keep Abreast with the Changing Times

### TO MEET MODERN TASTE

National Association of Insurance Agents Executive Committee Chairman Gives Good Advice

PEORIA, ILL., Nov. 18.—C. F. Liscomb of Duluth, chairman executive committee National Association of Insurance Agents, spoke before the Illinois Association of Insurance Agents today at Peoria, taking a topic popularized in automobile manufacturing, railroading, architecture, etc., it being "Streamlining Our Agencies." He characterized this as the streamlined era and said that all activities should accommodate themselves to it and anticipate what is needed. So far as agency service is concerned, unless that is streamlined he stated that those in the business would not get very far.

### Streamlining Important in All Agencies

Mr. Liscomb stated that interests vary widely in the agency field, largely due to difference in population, but streamlining is just as important in the small city or rural section as it is in Chicago. The smaller city agents, he declared, can learn much from those operating from a metropolis in the way of new forms, coverages, most efficient office system, etc. Yet the small city man has an asset in that he is in close intimate touch with his customers and this is impossible to a large extent in the bigger cities. The big city agent, he thinks, is liable to lose his human instincts. The speaker saw the big city agent surrounded by experts and yet with all them the human touch may be neglected. An entering wedge may come between them as individuals and

(CONTINUED ON PAGE 29)

## Presidential Address Is Given by Frank J. Budelier

Frank J. Budelier of Rock Island in giving his annual report as Illinois Association of Insurance Agents president, stated that most individuals believe in the organization principle. The business of insurance, he said, is second to none in the life and industry of the country. It should be made a greater business and the agents should be made greater. He feels that all good agents in the state are ready to do their duty in uplifting the industry. During the past year he said the membership has increased quite materially. At the beginning of the fiscal year there were 340 members. The association had to drop 45, secured 93 new and reinstated ones, which gives it a net membership of 388. Most of the new members were secured during a very intensive membership campaign.

### Says Agents Should Back Proposed Insurance Code

President Budelier said that the Illinois association cooperated with the state insurance department in an endeavor to pass the insurance code. When it was found that the code itself would not pass as a whole then it got back of the agents and brokers qualification bill.

President Budelier stated that, as he understood it, there will be no change in the insurance department and Director Ernest Palmer will continue. Therefore he thinks it is obligatory on every member to take an active part in sponsoring the new code when it is presented.

Mr. Budelier referred to the occupational disease act and he said that most agents are hazy as to just how it will affect their business.

### Business Development Office Conference Held

He said that one of the biggest problems today is whether stock insurance is to lead or follow. He gave it as his opinion that stock insurance must and will meet the growing needs of business. He stated that sometimes agents are intolerant and many times they demand the impossible from stock companies.

Mr. Budelier referred to the work of the new Business Development Office and said that on Tuesday evening there was a joint meeting of the Illinois com-

mittee representing companies and one representing the Illinois agents. He believes that much will come out of this cooperative effort.

He called attention to the growth of the cooperative buying movement, laying stress on the fact that it has already got into insurance and will be increased rapidly unless it is checked.

President Budelier said that he believes that both agents and companies are definitely forcing certain purchasers of insurance to organize their own mutual companies. He referred to the handling of long haul trucking business. These operators, he said, are obliged to carry certain types of coverage, strong companies have more or less sidestepped the writing of this class and unless they are careful, he declared, mutuals will be started throughout the country to take this business.

### Automobile Mortgage Clause Satisfactory

He said that the mortgage clause which has been adopted by the National Automobile Underwriters Association adaptable to individual policies, extending the same protection to the mortgagee or vendor as is now provided by a master policy is satisfactory. He regards this as a step in the right direction. He said that it will help the committee of the National association to work out a plan whereby agents will be able to retain the fire, theft, tornado and collision on automobiles where the sales are being financed. In some cases independent financing has been started through local banks and has met with favor and yet in other cases agents are unwilling to ask banks to go into the finance business, lest the insurance business attached to it be found a temptation and the banks may, therefore, take on the insurance business.

During the year the Illinois association appointed a forms committee with Cecil I. Thomas of Springfield as chairman. He said that the committee would hold a meeting in Peoria and it seeks suggestions. Insurance Director Palmer, he said, and people of his department have given the agents thoughtful consideration and have always been willing to hold conferences to discuss matters of importance.

## Budelier Refuses to Retain Office

Retiring President Has Accomplished Notable Results During the Past Year

### NEW CHIEF WELL KNOWN

Has Been Active in National Association and Is Now Chairman of Its Surety Committee

### NEW OFFICERS ELECTED

President—W. Herbert Stewart, Chicago.

First Vice-president—J. Edward Martin, Peoria.

Second Vice-president—W. H. Jennings, Jr., Rockford.

Third Vice-president—H. E. Reeves, Chicago.

Secretary-treasurer—S. E. Moisant, Kankakee.

Chairman of the Board—Alvin S. Keys, Springfield.

National Councillor—F. J. Budelier, Rock Island.

Board of Directors—All officers and committee chairmen: Membership, Dudley F. Giberson, Alton; Farm, Mark I. Hall, Belvidere; Legislative, Rockwood Hosmer, Chicago; Grievance, N. M. Winters, Quincy; Budget and Finance, H. H. Monier, Champaign; Local Board, James Beattie, Rockford; Public Relations, C. J. Montgomery, Rock Island; Fire Prevention, S. A. Rothermel, Chicago; Casualty and Surety, Ralph W. Miller, Chicago; Automotive, Wade Fetzner, Jr., Chicago; Program, Lyle H. Gift, Peoria.

### By C. M. CARTWRIGHT

PEORIA, ILL., Nov. 18.—At the annual meeting of the Illinois Association of Insurance Agents here today W. Herbert Stewart of Chicago, who served as first vice-president the past year, was elevated to the presidency. F. J. Budelier of Rock Island, who presided at this meeting and was elected to the high office a year ago, declined a second term, owing to press of business

(CONTINUED ON PAGE 30)



W. HERBERT STEWART, Chicago  
New President



FRANK J. BUDELIER, Rock Island  
Retiring President



J. EDWARD MARTIN, Peoria  
First Vice-president



SHIRLEY E. MOISANT, Kankakee  
Secretary

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OF PEORIA

M. S. CREMER  
President

HENRY F. TUERK  
Secretary

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Secretary  
Kankakee, Illinois

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SPRINGFIELD, ILL.

ADJUSTER  
FIRE • AUTOMOBILE • CASUALTY

## Falk Points Out Work of Business Development Plan

### DEFENDS DAUWALTER'S TEST

Tells Agents It Is Folly to Buy Insurance Solely on the Basis of Price

W. L. Falk of New York City, superintendent of the brokerage department of the Royal-L. & L. & G., gave a talk on mutual and reciprocal competition showing that it is folly to buy insurance on the basis of price without taking into consideration other various factors. He advised a scientific analysis of the securities behind policies of stock companies on one hand and mutuals and reciprocals on the other.

In this connection Mr. Falk called attention to the dilemma in which the Manufacturing Lumbermen's Underwriters of Kansas City finds itself, it having been taken over for the time being by the Missouri department. It issued both assessable and non-assessable policies. The assessable surplus fund was built up by separate accounts from mutual policyholders. The non-assessable business suffered a great loss and now the mutual people are called upon to contribute to the deficit, the management taking the position that it was authorized to make payments out of the mutual fund by the advisory board.

### Made Analysis of Nonassessable Plan

He analyzed the whole non-assessable proposition, applying it both to reciprocals and mutuals, saying that it was a very dangerous expedient. It would seem that one class of policyholders has a very distinct advantage over another. The essence of the mutual principle, he said, is the power to assess. Every policyholder, in his opinion, should have back of him the strength of the mutual. The assessment clause, he pointed out, simply takes the place of capital of a stock company. He compared the financial strength of a stock company writing a large volume of business to a typical mutual group and pointed out that in 1935 the mutual group had a ratio of net liquid funds to net premium income of 112.8 percent, while the ratio of the stock companies was 271 percent. Unless a mutual policyholder is receiving a dividend of at least 58 percent, Mr. Falk contended that he is not getting value received.

### Quality Must Be Kept in Mind

Mr. Falk declared that agents should study this factor and it should be emphasized very strongly. If a property owner is unwilling to sacrifice quality he cannot consistently justify himself in the purchase of mutual insurance, applying the same principle to the purchase of raw material for his factory. Mr. Falk pointed out that in abandoning the as-

## Board Chairman



ALVIN S. KEYS, Springfield

Alvin S. Keys, former president of the Illinois Association of Insurance Agents, was elected chairman of the board at the annual meeting in Peoria this week.

sessable contract the mutuals are publishing the fact that the assessment feature has little practical value and that they no longer have the "hidden assets" which they formerly claimed when assessable policies were issued. "Where there is a large spread adoption of the non-assessable forms," he said, "it simply serves to give stock company agents greater opportunity to drive home the story of security."

Mr. Falk very strenuously defended the formula that F. S. Dauwalter, director of the Business Development Office, worked out to measure the worth of the mutuals as compared with the stock companies. The "United States Investor" of Boston took Mr. Dauwalter to task for this formula but he fought back, buttressing his argument with even more convincing terms and Mr. Falk contended that the Dauwalter formula would stand without any difficulty. Mr. Falk was able to advance considerable material that the agents will find of practical value.

### Illinois Meeting Notes

The Home of New York with its Kankakee Club cheese opened headquarters, Wm. Quaid, vice-president Southern Fire, being in charge. This is his 26th agency convention this year. C. Arthur Borg, advertising manager, was also in attendance.

\* \* \*

C. C. Inman, vice-president and agency director Illinois Mutual Casualty of Peoria, was host to his company's group.

## Have YOU Read THE ASSOCIATION NEWS?

● The Association News, published at Kankakee, Ill., is an insurance publication that has attracted wide attention and has built up a large circulation. Hundreds of readers are interested in this sprightly publication which costs only one dollar a year.

Association News deals with insurance activities and men in a different way than the regular papers. It injects the personal element into the business.

It is a member of the Audit Bureau of Circulations.

Put one dollar in an envelope, send it to the publisher and your name will be enrolled among the immortals.

SHIRLEY E. MOISANT  
Editor and Publisher, Kankakee, Illinois.

## Fire Prevention Is Given Leading Place on Program

### ULRICH IN DEMONSTRATION

Peoria Safety Council, Department and  
Agents Association Sponsor  
Interesting Feature

Lyle H. Gift of Peoria took part in a fire prevention demonstration in the afternoon program of the meeting of the Illinois Association of Insurance Agents. He introduced Sid Ulrich, a member of the Peoria fire department, who conducted the demonstration. It was made possible through the cooperation of the safety council of the Peoria Association of Commerce, the Peoria Insurance Agents Association and the Peoria fire department.

Mr. Ulrich explained that so far as fire prevention week was concerned, it was felt that something new might be used in Peoria. It was felt that a series of actual demonstrations of fire hazards in the home and business world would be the proper thing to emphasize. It was also felt desirable to bring these demonstrations before school children. Chief Butler assigned Mr. Ulrich to work out a series of miniature demonstrations, bringing out the more common hazards.

As a result of this work, the following is a running account of the demonstration:

#### Methods Used to Extinguish Fire

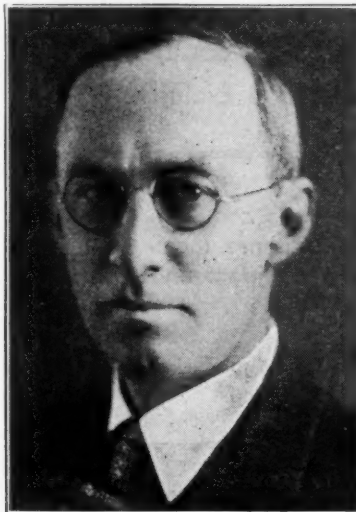
"Upon opening the demonstration, Mr. Ulrich explains what fire actually is and the more common methods used to extinguish fire, viz. by the use of water which reduces the burning material's temperature down below a point whereby the material will give off gases to support combustion. This is done by applying water to a flame of a candle. Then the extinguishment of fire by smothering which is done by placing a glass over a burning candle and also by the use of foam in a specially constructed apparatus which extinguishes burning gasoline, both showing the action of the fire being extinguished by the smothering process. Next is the extinguishment of fire by percussion which is accomplished by the use of two candles of different lengths, and after they have been lighted, a fire cracker is placed in an open meshed container and as the result of the explosion, the candles are both extinguished.

"Next, a cigarette is lit and placed on an ash tray which stands about two inches up off a base which is a sheet metal pan with treated tissue. As the cigarette burns, it gets off balance and falls off the ash tray and onto the tissue, thus igniting the tissue which burns quite like a fire cracker fuse. This

## Prominent Illinois Speakers



PAUL L. HAID  
President Insurance Executives  
Association



ERNEST PALMER  
Director of Insurance  
State of Illinois

brings out the practice of being careless with cigarette and cigars. It might be mentioned that when the cigarette is lit, the lighted match is tossed in a miniature waste basket, half filled with paper, and this also catches on fire.

"The demonstration of dry cleaning is carried out by the use of an iron can with a friction lid and this can has a hole punched in the side of the can close to the base. Two drops of cleaning fluid are placed in the can and the lid is pressed into place. A firecracker fuse is inserted in the hole and lit, and the result is an explosion which drives the lid to the ceiling of the room. It is then explained that in order to get an idea of the force in a gallon of cleaning fluid of this nature, just multiply the force of this explosion 105,000 times and the question is asked if the members of the meeting would permit their wives or daughters or other members of the household to fool around with something of that kind, and that when they allow them to use a gallon of inflammable cleaning fluid for cleaning purposes, they are permitting that very thing.

#### Inflammability of Celluloid Pointed Out

"Spontaneous combustion is the next in line and into a specially constructed, highly insulated chamber is placed a wad of common waste, saturated with glazing liquid (high grade of linseed oil and turpentine spirits). This is partially covered with another rag and a wooden lid and left to act. In the course of fifteen to twenty minutes, the action starts and the smoke begins to come

from within the chamber and at this point the smoking waste is removed and shown to the meeting and then submerged in a bucket of water.

"The inflammability of celluloid is then shown by the actual burning of combs, rattles, dolls and film. A touching explanation is given in connection with the burning of the dolls and rattles in connection with small babies attempting to rescue their doll or rattle when in the burning stages and the disfiguring of a person who might use combs in her hair for beauty's sake or setting a wave and accidentally igniting them.

#### Model Electric House Is Exhibited

"The practice of using inflammable liquids for hurrying up the fire in the stove is next. A miniature cook stove is placed upon the demonstration table and next to the stove is a doll, dressed in a tissue paper dress. The fire is started in the stove and the doors closed, then in a short space of time the back lid of the stove is removed and gasoline is poured in on the fire. At this moment, there is a general explosion in the stove and the doll's dress is ignited and consumed, bringing out the danger of this practice.

"The electric house is next. This model house is about three feet high and three feet square with the sides and front attic open. In this house is a single outlet and connected to this outlet are four openings into which a single light globe, a floor lamp, an electric heater and an electric iron are connected. In the attic of this house, the wiring is

exposed and is of such a nature (element) that when the heavy load is applied, it gets red hot and glows and burns. This wire in the attic is treated with shellac and fine sawdust for each demonstration. To start out, the single bulb is turned on and then for lack of proper light, the floor lamp is turned on. Then because it is rather chilly, the electric heater is turned on and then it is remembered that the wife wanted to do some ironing so the iron is connected. At this point, the fuse, which is arranged on the front side of the house in connection with a knife switch, blows out. Then a frantic search is made for another fuse but without result, but it is remembered that a penny might do, so the burned-out fuse is removed and a penny inserted and the switch thrown back in, and all seems to be going along well, and the demonstrator settles back for some nice reading, but up in the attic the wires become red hot and the shellac and sawdust begin to glow and sputter and the effect is very impressive. It is a perfect example of what takes place when either an overload is applied or the fuses are stuffed.

#### Especially Constructed House Employed

"In the final demonstration, a specially constructed house is used with a complete plate glass front in order that the basement, first floor and attic are shown. There are stairways leading from the basement to the first floor and from the first floor to the attic. The construction of this house is such that the partitions of the walls are open from the basement to the attic. All floors are wired and lit with electric lights. A smudge is started in the basement and the glass front is then closed. The action of the smudge can be seen and the travel of the smoke observed. The basement and attic fill up first and then the first floor next is filled with smoke. The smoke gets so thick that the lights become invisible. At this point it is explained that it is necessary to bring ventilation into play and to open up the building in order to have effective operation on the part of the fire department. The roof hatch is then removed and the upper floor windows are taken out and following this, the lower floor windows are removed and the building clears of smoke. It is then explained why firemen have to open up a building and break glass in the windows and open up roofs and walls in order to relieve the smoke, gas and heat. It has a splendid effect of overcoming the idea that when one has a fire in his home, what the fire does not destroy, the firemen will, and to offset the comment of the 'Sidewalk Fire Chiefs' who stand by out in the clear and tell just how it should be done.

"A demonstration of dust explosion is also given. A specially constructed chamber with a plate glass front is used with a hinged lid. In this chamber is a lighted candle and directly in back of the candle is a tray or pan in which a half spoon of cornstarch is placed. The lid is then lowered and through a tube, air



C. H. BARR, President

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C. C. INMAN  
Vice Pres. & Agency Director

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is driven which dislodges the cornstarch and a mild explosion takes place, blowing the lid up and the flames escape from the chamber around the top of the chamber, showing the effects of a dust explosion."

### Committees on Prevention and Local Boards Report

W. H. Jennings, Jr., of Rockford, in reporting as chairman of the local boards committee, brought to the attention of the Illinois people the recommendation of the local boards committee of the National Association of Insurance Agents in regard to branch offices. These recommendations urged the adoption of the uniform addition to the by-laws of all local boards regarding branch office operation. He asked that this be submitted to local boards for consideration.

He referred to the handling of school insurance by local boards and the manner in which these organizations can take care of all public business in their communities.

S. A. Rothermel of Chicago, chairman of the fire and accident prevention committee, made three recommendations:

1. All constructive information drawn up by the National association should be redistributed by our organization to all members, provided the expense involved is not too great.

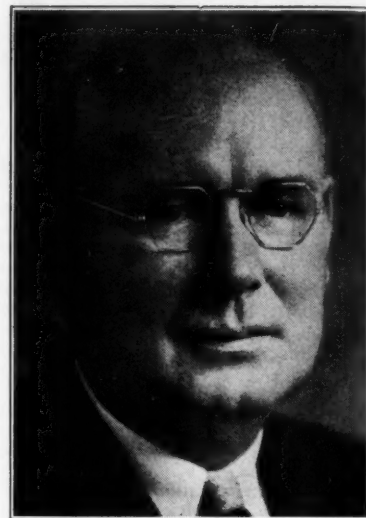
2. Placing safety prevention educational courses in the hands of local education boards with the idea of attempting to get proper instruction to children of high school age on safety procedure. This would strike this problem at the source. We feel that the companies could give proper support to this movement in the form of literature and bulletins and books. This work could be fostered by local boards and local agents who would be responsible to the companies for the intelligent distribution of such materials.

3. It is the opinion of this committee that the subject of fire prevention is adequately handled by the National Board, companies and local boards. It is, therefore, only the duty of our members to see that such work is continued each year.

### Secretary-Treasurer's Report

Secretary S. E. Moisant in his report said: "The financial report of the Illinois Association of Insurance Agents as submitted again indicates considerable improvement over the preceding year. Progress has been made both financially and numerically as shown by the 95 new and reinstated members, which have been added. You will be

### National Body Sends on Its Executive Chairman



CHARLES F. LISCOMB, Duluth  
Chairman Executive Committee National  
Association of Insurance Agents

pleased to know that while we have not reached an all time high in our membership, that we are well along on the road to that level.

"The Chicago office has come in for comment from time to time and it still continues to materially assist in carrying on our activities. Fifty letters and bulletins were cleared to the members during the past fiscal year, over and above the personal correspondence carried on by it and by the various officers and directors."

### Program for the Banquet

There was a large turnout for the banquet Wednesday night. Frank J. Budelier, president, opened the ceremonies and introduced the toastmaster, C. M. Cartwright of THE NATIONAL UNDERWRITER. A number of notables at the head table were presented. The two set speakers were Paul Haid of New York City, president Insurance Executives Association, and Insurance Director Ernest Palmer of Illinois.

The North British & Mercantile group established headquarters early Tuesday. Secretary John L. Mylod came from New York to dispense hospitality, assisted by Agency Superintendent W. R. Kirk and field staff.

## Two Chicago Chairmen



ROCKWOOD HOSMER  
Legislative



RALPH W. MILLER  
Casualty and Surety

## O. D. Problem No Longer Formidable

R. W. Miller of Chicago, chairman of the casualty and surety committee, gave a report largely devoted to the new occupational disease act. It is as follows:

"Your committee is pleased to report that the occupational disease situation presents less by way of serious or insurmountable problems at this time than appeared possible at our last meeting. Practically all of the casualty companies writing workmen's compensation insurance are extending compensation policies by endorsement to provide protection as of Oct. 1 under the new O. D. law, (this of course with extreme caution as regards accrued liability and with more or less severe but apparently justifiable underwriting restrictions).

### Require Medical Examination

"Most of the companies are requiring at the expense of the employer medical examination of employees engaged in occupations known to have an occupational disease hazard. Such examinations depending upon the company and the risk involved range from a modest physical to an exhaustive general examination, the latter including urinalysis, blood, and x-ray tests. Many companies are requiring in certain industries preliminary medical examinations of all employees hired after Oct. 1, 1936. Many companies are requiring indemnifying contracts from the assured, frequently with a deposit of earnest money or securities guaranteeing the fulfillment of the contract, that is, where O. D. insurance is granted on suspected or known cases of occupational disease.

### Action on Prohibited Risks

"To date, between 75,000 and 80,000 elections to come under the occupational diseases act have been filed with the Illinois Industrial Commission by Illinois employers. The assigned risk committee expects to function shortly in the placement of prohibited risks for O. D. insurance, but no risks have been so handled to date. Fortunately for Illinois agents the O. D. rates promulgated by the National Council on Compensation Insurance effective Oct. 1, 1936, are loaded for the same commissions as are workmen's compensation rates.

"The retrospective rating plan for workmen's compensation insurance is now available to agents and assured where the normal annual premium exceeds \$5,000. To date the plan has not been taken advantage of by any considerable number of large risks. In time this plan may become popular with sizeable industries and may result in bureau companies recovering business lost to non-bureau competition.

"Severe automobile competition continues and so do mounting loss costs

to the bureau companies. What the solution may be to this problem we respectfully defer in favor of the automobile committee.

"The surety situation has not changed materially during the year and the committee has not been asked to cooperate with other committees specifically interested in the surety business."

## Liscomb in Talk on Streamlining

(CONTINUED FROM PAGE 25)

their customers. Speaking further, Mr. Liscomb said:

"Too many of us are willing to sell only the more ordinary coverages. It is a serious indictment against the agency system that a big percentage of our agents are qualified only to quote fire insurance on household goods and private dwellings, compensation, automobile and plate glass insurance. Quotations for those lines are at their finger tips, but on how many occasions, when confronted with a more intricate form, does such an agent find it necessary to return to the office for information, or appeal to home office or field man for assistance?

### Agents Should Equip Themselves for Action

"I firmly believe that an agent should equip himself intelligently to discuss the coverages which, although not unusual, are not the more common in solicitation. The various and numerous forms of inland marine, use and occupancy, rental, machinery and the subsidiaries of those lines are a fruitful field in any community. Are you selling the supplemental contract, leasehold insurance, and accounts receivable coverage in the fire lines? Casualty-wise, are you watching for products liability, and are you servicing your customers by being on the guard for contractual liability? These are modern streamlined classes. Our automobile insurance solicitation has been streamlined through the recently developed comprehensive policy which is sold on the basis of comparatively complete indemnity to the owner. Retrospective rating on workmen's compensation, in my opinion, offers the means to modernize this important line.

### Should Have Offices Brought Up to Date

"Are you streamlining your accounts receivable or do you still carry the dragging, tedious, slow pay accounts? In the matter of streamlining our agency service, I think we can ill afford to ignore the physical element. Recently, the owner of the building in which my own agency is domiciled, voluntarily air-conditioned our offices. This will strike you

as unique in that perfect summer climate which we enjoy in our city. Nevertheless, following that installation, we immediately sensed the need of further modernization of our office equipment. We made a general rehauling of the office, to keep the tone of it on a plane with the modern air-conditioning. The result was an uplift in the morale of the agency, a notable increase in the efficiency of the office, and a quickened step for every individual in the agency. No agency can be completely streamlined if the physical aspects of the office are neglected.

### Should Have Modern Distinctive Stationery

"Are you one of those agents to whom I have heard the company men refer, having imprinted desk and small blotters piled roof high in the storeroom collecting dust for years? Are you one of those having unnecessarily large supplies of policies gathering dust and mildew from non-use? Are you one of those agents using stationery carrying prominently the name of one of your companies, and in an insignificant corner the name of your agency as representative, or are you using a modern distinctive letterhead blazoning the fact that you are in the agency business?

### National Association Study of the Policy

"A committee of the National association at the present time is giving study to the modernization, simplification and standardization of policy forms. I think we all agree that there are ambiguities, useless phraseology and some confusion in many of our policy contracts. Certainly the public will appreciate the dressing up of our papers and the elimination of many of what they consider 'mysteries' in the language.

"Recently our local board adopted a plan of holding special meetings at which educational matters entirely are discussed. These have been in the form of questions and, after discussion, an-

swers. It has been amazing to me how educational these meetings are to all of us. The progressive agents in my city look forward to these meetings and will not miss them.

"I now approach in this discussion a feature of our business that has always been a hobby with me. I have repeatedly stated before various state associations that I consider the stock local agent as a great factor in the civic life of his community. Generally speaking, I believe, he is a vital entity in the civic life. If not, I believe, he is missing an opportunity not only in his business, but in the happiness of living in his particular section.

"Don't let the bugaboo of Main Street jibes blind you to your civic obligations. There is no question but that demands are made on the time of the business man including the local agent. It may seem that these demands frequently are unusually heavy on the agent. Unless, however, he participates in those activities, he is not an outstanding agent in his territory.

### Agents Should Participate in Civic Activities

"May I suggest that you ask yourself these questions. Am I sufficiently active in the following:

- "1. Local board, state and National association work.
  - "2. Local senior and junior chambers of commerce.
  - "3. Community funds and other charitable drives.
  - "4. Approved civic enterprises.
  - "5. Y. M. C. A., Boy Scouts, Salvation Army and service clubs.
  - "6. Municipal and school board activities.
- "To carry streamlining to the ultimate extreme is to create an eyesore; to ignore the tendency of the times is to invite oblivion."

The Illinois Fire had a special table at the banquet presided over by Secretary H. F. Tuerk.

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GEO. MANZELMANN, Vice President

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H. W. COZAD  
President



R. D. COBURN  
Executive Vice-President

J. E. ROLLINS  
Vice-President

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## ANNIVERSARY FINANCIAL STATEMENT JUNE 30, 1936

### ASSETS

Current Premiums in Course of Collection		
not over 90 days due	14.4%	\$ 494,488.30
Cash in Banks and Office	7.2	248,442.76
*United States Government Bonds	18.8	645,166.43
*Railroad Bonds	11.2	384,907.32
*Public Utility Bonds	15.5	530,034.56
*Industrial Bonds	10.2	349,092.77
Accrued Interest on Bonds	.6	19,094.46
*Railroad and Public Utility Preferred		
Stocks	5.9	202,760.00
*Railroad, Public Utility and Industrial		
Common Stocks	16.2	554,266.37
<b>TOTAL</b>	<b>100.0%</b>	<b>\$3,428,252.97</b>

### LIABILITIES

Reserve for Losses	\$1,512,525.64
Advance Deposit Premiums (guaranteeing payment of monthly and quarterly premiums in course of collection)	611,749.01
Unearned Premium Reserve (Small annual payment policies, premiums paid in advance)	221,750.83
Reserve for Taxes and Reinsurance	55,425.97
Reserve for Commissions and Other Expenses	171,367.26
*Voluntary Reserve—Excess of market value over cost of stocks owned	24,750.07
<b>TOTAL LIABILITIES</b>	<b>\$2,597,568.78</b>
Capital	\$250,000.00
**Surplus	580,684.19
<b>SURPLUS TO POLICYHOLDERS</b>	<b>830,684.19</b>
<b>TOTAL</b>	<b>\$3,428,252.97</b>

\*Bonds carried at amortized values; stocks at market value (less voluntary reserve in liabilities).

Market value of bonds \$26,718.42 in excess of amortized value. If bonds were carried at market value, Total Assets would be \$3,454,971.39.

No bonds in default as to principal or interest.

\*\*Surplus stated on basis of amortized value of bonds and cost of stocks. Market value of stocks \$24,750.07 in excess of cost. If Surplus were based on market value of all securities, Surplus to Policyholders would be \$882,152.68.

INQUIRIES REGARDING WORKMEN'S COMPENSATION AND PUBLIC LIABILITY INSURANCE, ADDRESSED TO OUR NEAREST GENERAL AGENT OR BRANCH OFFICE, ARE INVITED—

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V. C. McDonald	Heyburn Bldg.	Louisville, Ky.
Wm. P. Rollins	130 E. Washington Bldg.	Indianapolis, Ind.
J. L. Carson	Insurance Exchange	Des Moines, Iowa
Crist & Company	Elmhurst Bldg.	Kansas City, Mo.
Walsh Insurance Agency	Webb Crawford Bldg.	Birmingham, Ala.
Hicks-Brady Company	Harry Nichol Bldg.	Nashville, Tenn.
R. A. Hesse	721 Pierce Bldg.	St. Louis, Mo.
T. H. Maenner, Inc.	210 So. 19th St.	Omaha, Nebraska

## Budelier Refuses to Retain Office

(CONTINUED FROM PAGE 25)

and civic duties. He established his own agency some 18 months ago. He is president of the Kiwanis Club of his city, chairman of the Community Chest, is on the board of the chamber of commerce, Boy Scouts and American Legion. He has been on the board of the Illinois agents' association longer than any other member except S. E. Moisant.

President Budelier did a fine piece of work this year. He got back of the membership drive personally and got many new agencies on the roll. He was largely instrumental in pushing the agents and brokers license act, which was passed after the code itself was defeated. Mr. Budelier retires with high honor and the gratitude of the fraternity.

The new president is a member of the Chicago agency of Stewart, Keator, Kessberger & Lederer. He is chairman of the surety committee of the National Association of Insurance Agents and has represented it often in conference with companies on surety questions.

Mark I. Hall, Belvidere, chairman farm committee, reported improved conditions with higher prices for produce and greater opportunities. He feels that it is worth while for young men to get into this field. He should understand the farmer and his problems. Companies have broadened their policies. Stock insurance is on the upgrade. Personally Mr. Hall would like to see the three payment policy put into effect—six, 12 and 18 months. The bonus contract for agents, he said, furnished an incentive to hard work and he hopes to see it restored.

### Report Presented by Legislative Committee

Rockwood Hosmer of Chicago, in reporting for the legislative committee, stated that with the convening of the next legislature in January undoubtedly there will be considerable insurance legislation introduced. He does not look forward to any that will be repugnant to the business. He said that it may be definitely stated that the insurance code with which the agents are familiar and to which he believes most of the members were generally favorable with the exception of the Lloyds section, will be reintroduced substantially in the same form. He thinks it is likely that there will be some kind of a rating bill. There are now about 30 states having rating laws and Mr. Hosmer assumes that eventually Illinois will follow suit. In the preparation of a rating bill he said an opportunity will be given to all interests to be heard. As far as a rating bill is concerned Mr. Hosmer expressed the opinion that the industry is much better off to have such legislation enacted during the incumbency of a director like Ernest Palmer with a thorough, practical knowledge of the necessities involved.

### Situation as Regards Automobile Legislation

Mr. Hosmer said: "There will also be another attempt during the coming session of the legislature to secure the passage of the much needed drivers' license and financial responsibility laws. These vitally important measures which have repeatedly failed of passage despite their almost unanimous endorsement by all interested organizations will need and should have the unqualified support of all our members both on account of their certain favorable effect on the mounting automobile loss ratio in this state and because their passage will probably forestall the introduction of a highly undesirable compulsory automobile insurance law. Perhaps the principal obstructionist to the passage of these bills during the last session will not again be sitting in the golden chair."

Treasurer Moisant reported \$1,561 on hand. The nominating committee consisted of J. M. Newberger, Chicago; Ross Weller, Springfield; Frank Smith,

## On the Job



MRS. LILLIAN HERRING, Chicago

President F. J. Budelier of the Illinois Association of Insurance Agents in his address highly complimented Mrs. Lillian Herring, assistant secretary who is in charge of the Chicago office. He referred to her great cooperation and the "splendid manner in which she has conducted the office." He said that her job has not been an easy one as under her supervision there were 80,000 pieces of mail sent out.

### Confer in Gift's Home

Executive Committee Chairman C. F. Liscomb of the National Association of Insurance Agents spent part of Tuesday in Chicago and then motored to Peoria with Allan I. Wolff and H. E. Reeves, president Chicago Insurance Agents Association. The officers and directors dined together Tuesday evening and then went to the home of Lyle H. Gift in Peoria for their meeting.

Corroon & Reynolds officials for the first time attended an Illinois convention and established headquarters. Funkhouser & Smith of Springfield are general agents for all companies outside Cook county. Both partners were present and from the head office came Vice-president E. S. Inglis, Western Manager R. R. Wilde and Production Manager J. F. Corroon.

Urbana. The resolutions committee comprised: W. M. Sheldon, Chicago, chairman; Max Freiberg, Quincy; Al Ernst, Alton.

H. H. Monier, Champaign, chairman finance committee, stated the association had stayed well within its income.

President Budelier, in commenting on the local board committee report by W. H. Jennings, Jr., Rockford, said there is an opportunity to organize county boards in some sections.

Mark I. Hall, chairman farm committee, called a conference of farm agents at noon to talk over their problems.

Dudley F. Giberson, Alton, chairman public relations committee, recommended that contacts be made with service clubs, and business organizations, and secure their support.

Mrs. Lillian Herring read the report of the casualty committee in the absence of Chairman R. W. Miller of Chicago. Lyle H. Gift, Peoria, chairman automobile committee, urged all agents to back all safety movements to reduce accidents or rates will go up.

Cecil I. Thomas, Springfield, chairman forms committee, recommended some changes in the provisions of the supplemental contract relating to specific exemptions as to tornado losses. He also suggested the addition of another member to the committee to represent inland marine and all risk insurance.

The National Association of Insurance  
(CONTINUED ON PAGE 43)

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# FIRE INSURANCE NEWS BY STATES

## MIDDLE WESTERN STATES

### Legal Questions Are Raised

**Ohio Attorney General's Office Finds Some Objections to Use of "New Jersey Plan" in State**

COLUMBUS, Nov. 18.—A conference on the New Jersey plan of insuring property held by the state banking and building and loan departments was held here with representatives of these two departments, the division of insurance, the attorney-general and the organized agents of the state in attendance. The attorney-general's representative pointed out some features of the plan which he said do not harmonize with the Ohio statutes.

Some question was raised as to whether the building and loan and banking departments are carrying 100 percent insurance on properties as the plan provides for, and it was stated that the heads of those departments should be named in the agreement rather than the director of commerce. It was found that the plan called for paying the Columbia of Dayton, which is to handle the insurance, 5 percent for bookkeeping and clerical work, in addition to 15 percent of the premiums. Some objection was raised to this, it is reported. These questions and others, it is understood, will be taken up with Vice-president L. E. Falls of the American of Newark, who represents the Columbia in the matter.

### Not Much Light Is Shed

DETROIT, Nov. 18.—Commissioner Ketcham being regarded as something of an expert in interpretation of the social security act, the directors of the Detroit Insurance Women's League invited him to give a talk on the very interesting point as to how much the act affects them. The commissioner discussed the many angles of the new tax burden but like all interpreters of this feature he was unable to enlighten them as to what is going to be done about the insurance offices employing less than eight persons. The directors have put it up to the Washington office of the National Association of Insurance Agents.

### Dodge City, Kan., Men Act

L. W. Jones, local agent at Dodge City, Kan., states that none of the school buildings in his city have been insured in mutuals the last eight or ten years. The local agents were successful in controlling the insurance through the local insurance board and saved it from going to mutuals at this time.

### St. Paul Women Active

ST. PAUL, Nov. 18.—This month the St. Paul Association of Insurance Women rounds out its first year. Members feel it has proved its value and will become a permanent and increasingly important organization. The annual meeting has been set for Dec. 8.

Membership is confined to women working in fire, casualty and bonding agencies. Most of the members do clerical or stenographic work but several occupy executive positions. Included among these are the president, Mrs. Roy B. Nienhauser, who is treasurer of the R. M. Neely Co.; Miss Genevieve Rogers, secretary, who is assistant secretary of the Joseph Rogers agency; Miss Elsie Burns, manager of the Commercial State Bank agency; Jessie Farquharson, secretary, Midway National Bank agency, and Miss Ann Ritt, chief clerk Fire Underwriters Inspection Bureau.

### Minnesota Mutuals Elect

**State Organization Picks Officers at Annual Meeting Held in Minneapolis**

MINNEAPOLIS, Nov. 18.—At the annual meeting of the Minnesota Association of Mutual Insurance Companies the following officers and directors were elected:

President, D. F. Raihle, Hardware Mutual, Minneapolis; vice-president, S. T. Sager, Austin Mutual, Minneapolis; secretary-treasurer, A. J. Dahlstrom, Minneapolis; directors, C. I. Buxton, Minnesota Implement Mutual, Owatonna; E. H. Moreland, Tri-State Mutual, Luverne; H. L. Hjermstad, Citizens Fund, Red Wing; D. F. Raihle, Hardware Mutual, Minneapolis; A. J. Dahlstrom, Minneapolis.

The legislative committee includes H. L. Hjermstad, Citizens Fund, Red Wing, chairman; John A. Buxton, Minnesota Implement Mutual, Owatonna; C. S. Laidlaw, Minnesota Farmers Mutual, Minneapolis; E. H. Moreland, Tri-State Mutual, Luverne; L. M. Thurber, Security Mutual, Chatfield; R. J. Grant, Hardware Mutual, Minneapolis.

W. J. Laidlaw, Minnesota Farmers Mutual, Minneapolis, was elected director to represent the Minnesota association on the board of directors of the National Association of Mutual Insurance Companies.

### Wichita Insurers Meet

WICHITA, Nov. 18.—The Wichita Insurers held their regular meeting Thursday with President John H. Burns, Jr., presiding. Public insurance handled by the board and the effect of the election were considered. Frank T. Priest, chairman of the executive committee of the Kansas Association of Insurance Agents, reported on the committee's meeting in Topeka.

### Change at Cincinnati

Ben A. Rielage, formerly with the Thomas E. Wood agency of Cincinnati, will become associated with G. Andrews Espey of that city in the new agency of G. Andrews Espey, Inc., in the Southern Ohio Bank building.

Mr. Rielage is a son of Joseph Rielage, Cincinnati district manager of the Ohio Audit Bureau, and was connected with the bureau prior to going with the Wood agency. Mr. Espey is a son of Arthur Espey, president of the Southern Ohio Savings Bank & Trust Co.

### Insurance Society Hears Winter

CLEVELAND, Nov. 18.—W. D. Winter, president of the Atlantic Mutual and president of the Insurance Institute of America, spoke before the Insurance Society of Cleveland on the work of the institute and particularly its campaign for educating insurance men. Today the stress is on understandable facts rather than mere book knowledge, he said. It was one of the largest meetings the society has ever held.

### Hopkins Rejoins Agency

David W. Hopkins, assistant to the president and superintendent of agents of the General American Life, has resigned effective Jan. 1, 1937, to become an active partner in a general insurance agency at St. Joseph, Mo., now known as the Anderson Insurance Agency Company, but to be known henceforth as the Anderson-Hopkins Insurance Agency Company. Mr. Hopkins has had an interest in this agency, one of

### Speaks in Ohio



ALFRED M. BEST

Alfred M. Best, head of the insurance publishing and credit house, the A. M. Best Company, New York City, spoke before the Cleveland Insurance Board this week. He outlined the most satisfactory method of analyzing financial statements of insurance companies. The other insurance organizations of Cleveland were invited to send their members.

the largest in northwest Missouri, since 1928 and was active in the organization until he joined the General American Life. Leo V. Anderson, the other member of the agency, has been in the insurance business in St. Joseph and Kansas City for 30 years.

### Send Out First Missouri Checks

KANSAS CITY, Nov. 18.—Approximately 200 checks went out Nov. 14 to Missouri policyholders entitled to 20 percent return on premiums impounded under Missouri's federal court fire rate litigation. These were the first checks to be mailed, and tested automatic equipment, including calculating machines, signature machines, sealing and postal meter machines. The output of checks will be increased to about 5,000 a day, said O. A. Leamon, in charge for W. T. Kemper, custodian of the \$2,232,657 fund.

### Dodge County Agents Elect

HUSTISFORD, WIS., Nov. 18.—At the annual meeting of the Dodge County Association of Insurance

Agents, Elmer Frederick of Beaver Dam was elected president to succeed W. R. Stoddart of that city. Hugo Roll, Hustisford, was elected vice-president and R. V. Krueger, Beaver Dam, secretary-treasurer. New directors are Frank Schinderle, Mayville, and W. R. Stoddart, Beaver Dam. In addition to annual reports of officers and committee chairmen, Hugh Bird of Beaver Dam, president Wisconsin Association of Insurance Agents, reported on the National association convention in Pittsburgh and the Wisconsin convention in Kenosha.

### Anchor Club in Annual Meeting

DES MOINES, Nov. 18.—The Anchor Club, founded in 1892, held its annual meeting here. The club got its name from the old Anchor Mutual Fire, organized in Creston, Ia., in 1889, with which most of the members were associated. The company was reinsured by the Northwestern Fire & Marine. In the 45 years of its history only two members have died. The remaining six members hold a three-day reunion each year and send a club letter on its rounds once a month. They include L. E. Ellis and G. A. Holland, Des Moines agents; L. E. Phillips, Bartlesville, Okla., oil producer; Claude Fisher, general agent Connecticut Mutual Life, Des Moines; Guy Liggett, Omaha, and A. M. Huston, Pawnee City, Neb.

### Hear Firemen's Tax Appeal

LINCOLN, NEB., Nov. 18.—The supreme court Monday heard arguments on the constitutionality of the law levying a 2 percent tax on fire insurance premiums in incorporated cities and villages, proceeds to be devoted to firemen's relief. The case was taken under advisement, and in the ordinary course of court events a decision can be expected before the first of the year. The district court held the law to be invalid, and Director Smrha appealed. Attorneys for the Continental secured an injunction some months ago against its enforcement.

### York County, Neb., Rural Protection

Fire insurance companies carrying farm risks in York county, Neb., have agreed to pay the city of York \$200 for every rural run in the future, and the city has agreed to give full protection to all farmers who buy such policies.

### Seek Advice on Fire Station

A representative of the National Board will arrive in Des Moines soon to advise the city council in connection with the construction of a new central fire station to cost about \$300,000. Advice is sought by the council as to how to construct the station with a view to bringing about a reduction in rates.

## IN THE SOUTHERN STATES

### Discuss Supplemental Form

**Neither Field Men Nor Agents Satisfied With Windstorm Feature of Contract Now Offered**

WEST PALM BEACH, FLA., Nov. 18.—Neither field men nor agents are entirely satisfied with the supplemental contract situation in the state. A special agent, unusually well posted, said: "We shall never get anywhere until the same idea of experience rating is applied to windstorm business that the state department has set up for workmen's compensation. W. P. Fischer of this city, editor of the state association publications and a member of the committee

of agents to confer with the Southeastern Underwriters Association, says:

"It is most unfortunate that we Florida agents have still not been furnished with a satisfactory form of supplemental contract. All that is necessary is simply to face the fact that conditions in Florida are different by reason of tornado being the major hazard, rather than a supplemental cover, and must be treated accordingly, both as to coverage and rate.

### First Contract Withdrawn

"There has been a difference of opinion as to the application of the contract and a resultant state of demoralization. The original supplementary contract put out for Florida was promptly withdrawn after a conference

between the S. E. U. A. and a group of lower east coast agents, who were fearful that it would very largely reduce their premium income. A plan was outlined, however, under which the contract could be issued.

"Shortly after this meeting a new form of supplemental contract was sent out, which is just about as much of a misfit as the original, although it does protect the premium income by inclusion of the 50 per cent coinsurance clause as a minimum. However, the pro rata liability clause in this form was so worded as to make it possible to issue the contract on a 50 percent basis rather than the same amount as the total fire insurance carried, as called for in the guide.

#### Still Hopes for Solution

"It is reported that some agents are taking advantage of this condition, and feel justified in doing so in view of the fact that the contract as worded would prohibit penalty on the assured."

Recalling that "the purpose of the supplemental contract was to provide a more comprehensive coverage and at the same time increase the premium income," and that "a satisfactory and salable form has been provided for and very successfully used in other parts of the country," Mr. Fischer expresses the hope that Florida agents may eventually have the same advantages as the agents in other territories.

### Start Texas Regional Meets

Series of 12 Gatherings Over State Now Under Way and Will Continue Until Jan. 21

DALLAS, TEX., Nov. 18.—Regional meetings of the Texas Association of Insurance Agents are now under way. This year they are scheduled to close Jan. 21. While these gatherings are sponsored by the state association, they are in no sense membership meetings. Every stock company fire and casualty agent is invited to attend, whether he is aligned with a local exchange or the state association or not. Important problems now confronting the agents will be discussed at these regional meetings as well as problems which may affect agents in the future.

The purpose of the regional gatherings, 12 in all, is to take to the agents for discussion problems which are theirs, rather than risking the agents coming to the state meeting to hear them.

The first of the meetings was held at Tyler Nov. 13 with Frank Perkins of Lockney, regional vice-president, in charge and the second today in Amarillo. Others scheduled as follows: Plainview, Nov. 19; Wichita Falls, Nov. 24; Waco, Dec. 8; Denison, Dec. 10; Beaumont, Dec. 15; Victoria, Dec. 16; San Benito, Dec. 17; Stephenville, Jan. 6; San Angelo, Jan. 20; El Paso, Jan. 21.

All these are to be one-day meetings. President Tom P. Ellis, Secretary D. G. Foreman and one or more members of the board of directors will attend each meeting.

### Dallas Cooperation With Credit Men Aiding Agents

DALLAS, TEX., Nov. 18.—The Dallas Insurance Agents Association has launched a move for cooperation with the Dallas Wholesale Men's Credit Association, whereby the quality as well as the quantity of insurance carried by re-

tailers will be more closely studied. The plan is already bearing fruit. Until recently the Dallas wholesalers, while naturally interested in the amount of fire and tornado insurance carried by retailers to whom they extend credit, had been unable to make much progress in having them carry sufficient amounts to protect their credit at the jobbing houses.

When the Dallas exchange offered its services to the credit men, the latter established an insurance committee and named Richard McLarry, president of the Dallas Agents Association, chairman. Mr. McLarry has addressed the credit men on the need of watching the amount and the kind of insurance carried by retailers.

The Dallas wholesalers insist that sufficient insurance be carried in the future to protect credit extended. Most of this additional coverage is being placed in stock companies through regular local agents.

The direct result of the Dallas plan is that the agents are profiting and the jobbers will be protected in case unpaid-for stocks in the hands of the retailers are destroyed or damaged.

It is understood the plan of the Dallas association probably will be adopted in other jobbing centers in Texas.

#### Oklahoma Service Office

The Commercial Standard of Fort Worth, Tex., has opened an Oklahoma City service office at 429 Hightower building. W. A. Wilson is manager.

#### Hulfish in Virginia

Paul B. Hulfish, assistant secretary Southeastern Underwriters Association, stopped over in Richmond for a day on his way to Alexandria, Va., his old home town, to spend his vacation. He was manager of the old rating bureau there for several years before he went higher up.

#### Cousins Conducts Austin Course

AUSTIN, TEX., Nov. 18.—The Austin branch of the Insurance Institute of America is conducting a study course under the direction of R. B. Cousins, former insurance commissioner, now with the Texas Fire Prevention Bureau. Seventy-five are enrolled.

#### McKinney Key Rate Reduced

McKINNEY, TEX., Nov. 18.—The city fire insurance key rate has been reduced 4 cents, from 30 to 26 cents, by the state insurance commission. The reduction follows an extensive waterworks improvement program.

#### Arkansas Losses Up

LITTLE ROCK, ARK., Nov. 18.—Fire losses reported by the Arkansas Fire Prevention Bureau for the first ten months total \$3,230,895 compared to \$2,318,171 last year. October losses were \$172,232 compared to \$216,075 in September and \$276,510 in October, 1935.

#### Latham on Southern Trip

C. H. Latham, Jr., assistant secretary and manager of the automobile department of the Phoenix of Hartford, has been visiting agents in Augusta and Savannah, Ga., Charleston, Orangeburg and Aiken, S. C. He was accompanied by Special Agent J. M. Robertson of Augusta.

#### "In or Out" Rule for Oklahoma

OKLAHOMA CITY, Nov. 18.—Thirty officials representing local exchanges in Oklahoma met in executive session here to discuss a program for the coming year. It was decided that the "in or out" rule shall become effective in Oklahoma the first of the year. Each exchange was granted the privilege of working out its program in keeping with plans best suited to local problems.

The meeting disapproved the recommendation by Commissioner Read that the state insurance board be eliminated,



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and favored continuation of the board on an enlarged scale.

Members were instructed to urge the state highway department and the legislature to establish a five-point uniform model traffic law.

#### Wants All Policies Filed

BIRMINGHAM, Nov. 18.—A bill to require companies to file copies of all fire and theft policies written in Alabama with the state tax commission has been drafted for introduction in the legislature when it convenes in special session Nov. 23.

The purpose is to make possible collection of taxes on personal property not now listed for taxation.

#### Little Rock Is Warned

LITTLE ROCK, ARK., Nov. 18.—The civic affairs committee of the city council is planning more strict enforcement of the building code. Warning that lax enforcement might result in a lower classification was recently given the council by the Arkansas Fire Prevention Bureau. The bureau directed attention to the fact that fire department personnel and equipment have not been maintained in recent years, although the city's population has increased 6,000.

#### New Taxes in Florida Cities

TAMPA, FLA., Nov. 18.—Tampa and perhaps other cities in Florida afford an interesting insurance backfire on the operations of the PWA. In the effort to get funds to match government grants, new search for tax sources has begun, and the first victims promise to be the insurance agents and, in the last analysis, the companies. Agents here have been notified that they will have to pay an income tax on premium collections. With their backs to the wall, they have been trading, offering to agree to a levy of  $\frac{1}{8}$  of 1 percent, minimum \$10, on fire and casualty col-

lections, \$5 per agent in ordinary and industrial life business, with \$25 additional for all groups of over five agents. The fear is that if it goes over in Tampa, other sections unable to finance the partnership agreements will follow the Tampa lead.

#### Florida Local Boards Elect

Recent local board elections in Florida include:

Sarasota—President, Gerald Ludwig; vice-president, Maurice Prew; secretary-treasurer, Miss Louise Moseley.

Orlando—President, Sol Wittenstein; vice-president, Lambert Steinhans; secretary, Wayne Cooper, and treasurer, Robert E. Duckworth.

Orlando is one of five boards in the state whose membership is 100 per cent in the state and national associations.

#### Must Pay Total Premium

LITTLE ROCK, ARK., Nov. 18.—The attorney-general's office has ruled that trustees for the state school for the deaf and the blind have no right to contract for fire insurance for three years unless the total premium is paid out of the current biennial appropriation. The attorney-general's office also held that the board has authority to insure properties of the schools in mutuality as the question has never been decided specifically in the state supreme court, the previous ruling being that the policy must contain a contract that the district cannot be assessed in addition to the premium paid.

#### Object to New Forms

LOUISVILLE, Nov. 18.—Field men in Kentucky are not at all satisfied with the new forms covering tobacco on loose leaf floors. One of the principal objections lies in the fact that binders covering tobacco received on floors in advance of sales began coming in by the middle of November, whereas sales will not start until about Dec. 7, which means that premiums also start when sales start. This means that the companies are accepting liability without

premium between now and the start of sales. In many instances warehouses will have \$50,000 and up of leaf tobacco on floors well ahead of the start of sales. If it burns, the companies will have to pay off.

#### Hoffman, Frazee in Change

LOUISVILLE, Nov. 18.—George L. Hoffman, former special investigator for the claim department of the Travelers at Louisville and Lexington, Ky., has resigned to join the Louisville office of the Western Adjustment. L. J. Frazee, who has been with the claims department of Travelers at Louisville as an investigator will go to Lexington to take charge there.

#### Philpott Gives Report

OKLAHOMA CITY, Nov. 18.—One of the major objectives of the Oklahoma insurance board is to stop non-admitted companies from doing business in the state, said Secretary S. W. Philpott in his annual report. Hundreds of unlicensed companies are not complying with Oklahoma laws and are a menace to Oklahoma policyholders in addition to evading payment of thousands of dollars in taxes. Mr. Philpott reviewed the rating situation, citing the reduction in rates and the ruling against deviations from approved schedules. The agency qualification law removed 1,000 unqualified agents, he said.

#### Nashville Women's Dinner Dance

The Nashville Association of Insurance Women will hold its annual dinner dance at the University Club, Nov. 19. All employers, wives and friends were invited.

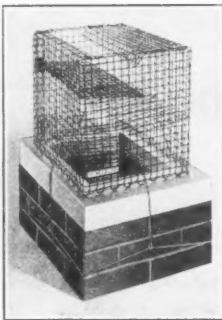
#### Southern Notes

Paul S. Cooke, 27, local agent at Hernando, Miss., died there.

J. E. Joyce, 68, for more than 30 years with the Rossner & Sons agency, Little Rock, Ark., died at his home there.

John R. Fordyce of Fordyce, Ledbetter & Co., Little Rock, Ark., is the father of a daughter.

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## PACIFIC COAST-AND MOUNTAIN

### Votes Down the State Fund

Montana Casts a Majority of 17,000 Against the Present Plan for Insuring Public Property

Opponents of the state fire insurance fund in Montana are hopeful that the 17,000 majority vote cast against the fund in the recent election will be taken in effect as a mandate to the next legislature not to again propose anything along this line. Although it may come up, prior to the election it was felt that even though the act creating the fund was repealed, advocates would try to re-enact it at the next session of the legislature, however, it appears that the voters of Montana have so thoroughly rejected the idea of state insurance, the legislature will be forced to take their wishes into account before endeavoring to re-establish the state fire insurance fund or any similar fund for the writing of liability or bonding business.

The law creating the fund was passed by the 1935 legislature of Montana for the purpose of covering all public properties. Considerable sentiment developed against the idea throughout the state, particularly among the school boards, principally because it required a very high ratio of insurance as well as explosion, sprinkler leakage and similar coverages which previously had not been carried and which materially increased the cost of the insurance. As a matter of fact the cost was almost doubled with the result that through initiative petition the question was placed before the voters at the election earlier this month.

### Maltby Is Appointed Manager

Succeeds the Late H. P. Giberson at Denver for Four of the Crum & Forster Companies

Recently H. P. Giberson, Denver, manager of the mountain department for four of the Crum & Forster companies, died. H. B. Maltby has been appointed his successor, as announced by Manager S. H. Quackenbush of the Westchester. Mr. Maltby has been associated with the department for 10 years. One of his brothers is state agent of the Great American, and the other the Automobile of Hartford. The mountain department has been established in Denver for over 45 years. It represents the Westchester, Delaware Underwriters, Richmond and British America. The office has always been conducted on a very high plane.

### Push Qualification Bills in Colorado, New Mexico

DENVER, Nov. 18.—Agents' qualification bills are expected to be among the most important measures presented before the regular sessions of Colorado and New Mexico legislatures early in January.

Due to a great deal of preliminary work by agents and company representatives, the bill which will be presented in Colorado is accorded an unusually strong chance of passage. The original bill worked out by the agents has been revised to the point where the companies are not expected actively to oppose

it. The proposed law would permit a company to have one general agent, one underwriters agent and solicitors who would be actively engaged in the insurance business and connected with an office. It would prohibit the issuance of licenses to men who have been writing insurance strictly as a sideline proposition.

The proposed New Mexico bill in present form calls for a \$20 examination fee designed to raise the insurance law enforcement fund.

Present indications are that there will be very little important insurance legislation in Wyoming.

### Seek More Commission on Provisional Reporting Form

The agents of the Pacific northwest are making a concerted effort to secure an increase in commissions on provisional reporting policies. They reason that the agent should receive the same scale on provisional business as he would receive if the coverage were written under a specific form. The additional detail required in handling provisional business entitles the agent to at least the same scale. This is the gist of the argument which is being put up to the Pacific Board in San Francisco by the Oregon and Washington agents' associations. The Oregon committee, headed by George W. Haerle, Portland, chairman of the state executive committee, presented a resolution along these lines to the executive committee of the Pacific Board. To bolster the Oregon agent's stand, the Washington League's executive committee sent a similar resolution to be presented through Mr. Haerle's committee. The resolution was passed unanimously by the Washington League at its regular fall meeting in Seattle.

### Los Angeles School Cover Revised

Five-year contracts totaling \$51,000,000 on all the properties of the Los Angeles school district went into force Monday. The insurance is written on a basis of 70 percent to value. The annual premium is \$67,000. Instead of 2,000 individual policies that were formerly used, the business is written in 800 blanket policies. Coverage is increased from \$22,000,000 to \$51,000,000 without any increase in premium. Most of the line was written by board companies.

In the past there has been 30 percent coverage on brick buildings and 60 percent on frame.

### Pacific Hail Meeting

The annual meeting of the Pacific Coast Hail Conference is being held at Spokane Friday and Saturday of this week. W. B. Rasmussen is president. S. K. Bjornson of Chicago, assistant manager of the Rain & Hail Bureau, will attend.

### Stebbins Heads General Agents

DENVER, Nov. 18.—Herbert Cobb Stebbins of the Cobb & Stebbins general agency was elected president of the Fire Insurance General Agents Association of Colorado, Wyoming and New Mexico at its annual meeting here. S. B. McAllister of the Daly Agency was named vice-president and George E. Gettman of Cashman-Evans-Gotlin, secretary.

### Interesting Insurance Background

Thornton, Menzies & Taylor, San Francisco law firm, not only specializes in insurance, but several of its members have interesting insurance backgrounds. H. A. Thornton, who has been in active practice for 25 years, is a son of A. W. Thornton, who was manager of the London Assurance for many years. Evans M. Taylor is a son of Churchill Taylor, who was a general agent for a number of companies for many years. Evans Taylor is chairman of the fire prevention committee of the junior chamber of commerce and has made a particular

study of the building code in relation to earthquake hazards.

Thomas P. Menzies has had a wide trial experience, having been deputy district attorney for Los Angeles county for six years.

Several large fire claims have been handled by the firm, including the Hyland Bag and the California Thorn Cordage cases, each involving over \$100,000. The Kirchmann Lumber Company litigation and several big cases growing out of the earthquake in 1933 were handled by the firm. In addition to routine casualty and surety defense work, it handled the Yosemite Valley tunnel default.

### Brokers Exchange Nominees

SAN FRANCISCO, Nov. 18.—Stephen Malatesta has been named for reelection as president of the Insurance Brokers Exchange by its nominating committee. R. E. Meyers is nominated for first vice-president, W. O. Lang for second vice-president, W. E. Bouton, R. D. Connolly and W. E. Doud for members of the board of governors. R. E. Pettingill and W. D. Smith for members of the arbitration committee. The annual meeting will be held Dec. 9.

### King County Meeting

SEATTLE, WASH., Nov. 18.—Reports on the Pittsburgh convention of the National association by the Washington League delegates, H. E. Briggs and Irwin Mesher, were given at the King County Insurance Association's November meeting. Bob Moch, coxswain of the University of Washington championship crew, spoke.

### McQuatters in All Courts

Henry C. McQuatters, attorney, who established his own office some time ago in the Masonic building at Flagstaff, Ariz., is handling the trial of cases in all the state and federal courts, covering especially northern Arizona. Mr. McQuatters has had considerable experience as a trial lawyer.

### Seek Oil Truck Regulation

DENVER, Nov. 18.—Enactment of a city ordinance requiring the construction of oil trucks according to a new set of safety specifications is expected here in the next few weeks as a result of a number of serious fires and explosions in such equipment. A similar ordinance is being prepared in Greeley, Colo.

The problem was brought to a head last week when one Greeley fireman was killed and another seriously injured in fighting an oil truck fire caused by faulty construction of auxiliary gasoline tanks.

### Talmage Quits Coast Berth

SAN FRANCISCO, Nov. 18.—Resignation of A. H. Talmage, assistant Pa-

cific Coast manager North British group, was announced here. It is understood he will leave immediately for New York without announcing his plans. Prior to coming to the coast in 1932 to succeed George Ward on the latter's retirement, Mr. Talmage was secretary for the companies in New York in charge of southern business. He is a native of Athens, Ga., and started in business there in 1919, joining the North British group in New York three years later.

### Women's League Elects

SAN FRANCISCO, Nov. 18.—Gertrude Schilling of the Accident & Casualty was elected president of the San Francisco Insurance Women's League at the annual meeting. Victoria Kummer, Richards & Rhorer, was reelected vice-president; Evelyn Young, Fidelity & Casualty, secretary, and Louise Sturgis, Marsh & McLennan-J. B. F. Davis Co., treasurer. The installation banquet will be held Dec. 3.

### Brokers' Christmas Luncheon

SAN FRANCISCO, Nov. 18.—Governor Merriam, Lieutenant-Governor Hatfield, Mayor Rossi, Commissioner Carpenter, legislators and outstanding insurance personalities will be honor guests at the annual Christmas luncheon and jinks of the Insurance Brokers Exchange of San Francisco Dec. 16. The luncheon will also commemorate the 30th anniversary of the organization.

Guests will include S. H. Beckett and Mrs. Mae Barr Long, deputy commissioners; Ray Decker, president Pacific Board; J. C. Bunyan, president California Casualty Insurance Association; T. A. Gallagher, president San Francisco Life Underwriters Association; H. B. Haas, administrative advisor California department; B. F. Springsteen, commander Insurance Post 404, American Legion; F. N. Belgrano, Pacific National, past national commander American Legion, and L. W. Cutler, Fidelity & Deposit, president San Francisco-Pacific International Exposition, 1939.

### Rerating Las Vegas, N. M.

A crew of the Mountain States Inspection Bureau is now rerating Las Vegas, N. M., without change of classification. The new rate book will be out in six weeks or two months.

### Cleburne Exchange Elects

The Cleburne (Tex.) Insurance Exchange has elected these officers: Cliff W. Scott, president; J. L. Lain, vice-president, and John Miller, secretary-treasurer.

## IN THE CANADIAN FIELD

### To Tackle Canadian Problem

#### U. S. and Dominion Executives Will Work on Program to Halt Inroads of Outsiders

NEW YORK, Nov. 18.—Fire underwriting conditions in Canada, which have been disturbing for a considerable period, will shortly be considered by a joint committee composed of executives of Canada and of the United States, with a view to evolving a program that will improve the general situation. It is appreciated by executives on this side the border that Canadian officials have a more difficult problem than obtains in the United States, in that in the Dominion the majority of companies write all classes of insurance, as they are permitted to do under their charters, while in this country companies are restricted more or less to single lines. In many cases the Canadian companies have sepa-

rate managers for their fire and casualty departments, each interested in developing his particular branch, and not especially concerned as to the influence thereupon on the business of the other. Appreciation of this feature of the situation was recognized some months ago, when as a remedial measure the governing bodies of the fire and of the casualty divisions were merged into one organization.

#### Delay Is Experienced

While a program, it was felt, that would prove distinctly helpful was agreed upon by the enlarged body at a conference held at Lake Placid, N. Y., last July, there has been considerable delay in putting it into effect. Meantime the large non-conference element in both fire and casualty fields has been growing aggressive and today, it is figured, writes fully half the business in Ontario. What is held to be an imperative initial step to deal with the situation, is enforced separation, a move some of the leading

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companies are prepared to adopt and energetically support, should they be assured of proper cooperation.

### Smith Now Canada Manager

**Succeeds Glover with Royal-L. & L. & G.**  
Effective Dec. 1; McDermott,  
Wiglesworth Advanced

Allan F. Glover has retired as Canadian manager for the Royal-L. & L. & G. groups because of the condition of his health, and R. Forster Smith, for seven years Toronto manager of the Liverpool group, has been appointed Canadian manager effective Dec. 1.

Mr. Smith was born in England in 1878, educated in Manchester and began his insurance work with the Lancashire of that city. He went with the L. & L. & G. at the head office in Liverpool in 1908, was appointed local manager at Lincoln, Eng., in 1913 and was transferred to Canada as assistant manager for the Dominion in 1923 with headquarters in the Montreal head office. He became local manager at Toronto in 1929.

F. S. McDermott has been appointed manager of the Toronto branch of the Liverpool and H. L. Wiglesworth assistant manager effective Dec. 1.

### Insurance Taxes in Canada Somewhat Higher Last Year

OTTAWA, CAN., Nov. 18.—Taxes in 1935 on fire and casualty insurance written in Canada by Dominion registered companies, in percentage to net premiums, were somewhat higher than for 1934. Apart from the tax on premium income of fire and casualty insurance business the companies are also subject to income tax.

The net premium income for Canadian companies on fire and other business (in and out of Canada) for 1935 was \$22,082,787 and the taxes paid were \$1,018,258. The percentage of tax to premiums was 4.61 percent compared with 4.38 percent in 1934. The tax paid by British companies on their Canadian business for 1935, fire and other, was \$1,297,531 or 5.09 percent, compared with 4.55 per cent in 1934. United States and foreign companies paid a tax of \$1,003,448 on their Canadian business for 1935, 5.39 percent compared with 4.83 percent for 1934.

United States, British and foreign insurance companies paid on their Canadian business for 1935 a tax of \$2,300,979 and for 1934, \$2,048,575. These taxes are divided between the Dominion, the provinces and the municipalities.

On Canadian companies, there is no separation between Canadian and foreign branches. However, it would appear that the taxes paid by Dominion registered companies on their fire and casualty premiums in Canada in 1935 were approximately \$2,500,000.

### Seek Dominion Charters

The Wellington Fire and Federal Fire, both of which now have Ontario charters, have applied for Dominion charters.

## EAST

### Insurance Men's Club Rooms

**Permanent Pittsburgh Fraternity Headquarters Now Established in the William Penn Hotel**

PITTSBURGH, Nov. 18.—The insurance fraternity of Pittsburgh has now permanent clubrooms in the William Penn Hotel where Pittsburgh Insurance Day banquets have been held for a number of years and which was the convention hotel at the recent annual convention of the National Association of Insurance Agents. The annual meeting of

the Pittsburgh Insurance Club was held in the new club rooms, Andrew W. Pardew of W. W. Flanegin Company being installed as president; H. S. Bepler and Wallace Reid, vice-presidents, George Scaff, secretary and treasurer. R. H. Alexander of the Hoover & Diggs Co., was the retiring president and officiated. Representatives were present from the different insurance organizations in the city.

### Plans for Rhode Island Rally

The Rhode Island Association of Insurance Agents has postponed the date of its annual meeting to the evening of Nov. 24 at Providence. It was necessary to postpone this because Secretary W. H. Bennett of the National Association of Insurance Agents could not be present Nov. 17. He will be one of the chief speakers. The other will be Vice-president E. C. Lunt of the Great American Indemnity. George I. Parker, president of the Isaac Shove Company of Pawtucket is head of the Rhode Island association.

### Arrott in New Post

PITTSBURGH, Nov. 18.—James W. Arrott, well known in Pittsburgh insurance circles, has been named vice-president of Edwards, George & Co. Mr. Arrott is the third to bear his name, all of whom were in the insurance business. His grandfather was one of the founders of the National Union Fire in 1901.

### Start Quincy, Mass., Survey

Engineers A. F. Ballou and E. L. Zeltner of the National Board have begun a three months' survey of the fire protection facilities and fire hazards of Quincy, Mass., at the request of Mayor Burgin, who seeks lower insurance rates.

### Ratify Nute Promotion

BOSTON, Nov. 18.—The appointment of Percy E. Nute, former manager of the Boston Stamping Office and more

recently enforcing officer of the Boston Board, as assistant manager of the Boston Board, was ratified at a board meeting. F. W. Hill, E. H. Woods and H. A. Sawyer were elected to the brokers' committee and G. W. Lockwood to the handbook committee.

### Start Boston Insurance Courses

BOSTON, Nov. 18.—Percy E. Char-nock of the New England Insurance Exchange will open the fire insurance course of the Insurance Library Association of Boston Nov. 20. An enrollment in excess of 100 is indicated. Almost 150 are enrolled in the casualty course and further applications are to be refused.

### Survey Montclair's Insurance

Curtis W. Pierce, vice-president of the America Fore, a resident of Montclair, N. J., has been appointed chairman of a committee which will make a survey of the town's insurance coverage. The action is due to a \$1,400 fire which occurred in the municipal building but on which the city received \$875 in settlement due to an insufficient amount of fire insurance coverage.

### Hartford Board Hears Green

HARTFORD, Nov. 18.—Frank H. Green of the inland marine department of the National Fire spoke at the regular monthly meeting of the Hartford Board on inland marine insurance.

### Effect of Marine Strike

Marine underwriters have suffered very little if any loss due to the marine strike, which now shows signs of cracking on the Atlantic Coast but which still keeps Pacific Coast activity at a standstill. There has been an absence of violence so far. Extra premium has been developed through sale of the war clause, but the underwriters have been deprived of business because of the cessation of shipments.

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A  
Good  
Agency  
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companies are prepared to adopt and energetically support, should they be assured of proper cooperation.

### Smith Now Canada Manager

**Succeeds Glover with Royal-L. & L. & G.  
Effective Dec. 1; McDermott,  
Wiglesworth Advanced**

Allan F. Glover has retired as Canadian manager for the Royal-L. & L. & G. groups because of the condition of his health, and R. Forster Smith, for seven years Toronto manager of the Liverpool group, has been appointed Canadian manager effective Dec. 1.

Mr. Smith was born in England in 1878, educated in Manchester and began his insurance work with the Lancashire of that city. He went with the L. & L. & G. at the head office in Liverpool in 1908, was appointed local manager at Lincoln, Eng., in 1913 and was transferred to Canada as assistant manager for the Dominion in 1923 with headquarters in the Montreal head office. He became local manager at Toronto in 1929.

F. S. McDermott has been appointed manager of the Toronto branch of the Liverpool and H. L. Wiglesworth assistant manager effective Dec. 1.

### Insurance Taxes in Canada Somewhat Higher Last Year

OTTAWA, CAN., Nov. 18.—Taxes in 1935 on fire and casualty insurance written in Canada by Dominion registered companies, in percentage to net premiums, were somewhat higher than for 1934. Apart from the tax on premium income of fire and casualty insurance business the companies are also subject to income tax.

The net premium income for Canadian companies on fire and other business (in and out of Canada) for 1935 was \$22,082,787 and the taxes paid were \$1,018,258. The percentage of tax to premiums was 4.61 percent compared with 4.38 percent in 1934. The tax paid by British companies on their Canadian business for 1935, fire and other, was \$1,297,531 or 5.09 percent, compared with 4.55 per cent in 1934. United States and foreign companies paid a tax of \$1,003,448 on their Canadian business for 1935, 5.39 percent compared with 4.83 percent for 1934.

United States, British and foreign insurance companies paid on their Canadian business for 1935 a tax of \$2,300,979 and for 1934, \$2,048,575. These taxes are divided between the Dominion, the provinces and the municipalities.

On Canadian companies, there is no separation between Canadian and foreign branches. However, it would appear that the taxes paid by Dominion registered companies on their fire and casualty premiums in Canada in 1935 were approximately \$2,500,000.

### Seek Dominion Charters

The Wellington Fire and Federal Fire, both of which now have Ontario charters, have applied for Dominion charters.

## EAST

### Insurance Men's Club Rooms

**Permanent Pittsburgh Fraternity Headquarters Now Established in the William Penn Hotel**

PITTSBURGH, Nov. 18.—The insurance fraternity of Pittsburgh has now permanent clubrooms in the William Penn Hotel where Pittsburgh Insurance Day banquets have been held for a number of years and which was the convention hotel at the recent annual convention of the National Association of Insurance Agents. The annual meeting of

the Pittsburgh Insurance Club was held in the new club rooms, Andrew W. Pardew of W. W. Flanagin Company being installed as president; H. S. Bepler and Wallace Reid, vice-presidents, George Scaff, secretary and treasurer, R. H. Alexander of the Hoover & Diggins Co., was the retiring president and officiated. Representatives were present from the different insurance organizations in the city.

### Plans for Rhode Island Rally

The Rhode Island Association of Insurance Agents has postponed the date of its annual meeting to the evening of Nov. 24 at Providence. It was necessary to postpone this because Secretary W. H. Bennett of the National Association of Insurance Agents could not be present Nov. 17. He will be one of the chief speakers. The other will be Vice-president E. C. Lunt of the Great American Indemnity. George I. Parker, president of the Isaac Shove Company of Pawtucket is head of the Rhode Island association.

### Arrott in New Post

PITTSBURGH, Nov. 18.—James W. Arrott, well known in Pittsburgh insurance circles, has been named vice-president of Edwards, George & Co. Mr. Arrott is the third to bear his name, all of whom were in the insurance business. His grandfather was one of the founders of the National Union Fire in 1901.

### Start Quincy, Mass., Survey

Engineers A. F. Ballou and E. L. Zeltner of the National Board have begun a three months' survey of the fire protection facilities and fire hazards of Quincy, Mass., at the request of Mayor Burgin, who seeks lower insurance rates.

### Ratify Nute Promotion

BOSTON, Nov. 18.—The appointment of Percy E. Nute, former manager of the Boston Stamping Office and more

recently enforcing officer of the Boston Board, as assistant manager of the Boston Board, was ratified at a board meeting. F. W. Hill, E. H. Woods and H. A. Sawyer were elected to the brokers' committee and G. W. Lockwood to the handbook committee.

### Start Boston Insurance Courses

BOSTON, Nov. 18.—Percy E. Char-nock of the New England Insurance Exchange will open the fire insurance course of the Insurance Library Association of Boston Nov. 20. An enrollment in excess of 100 is indicated. Almost 150 are enrolled in the casualty course and further applications are to be refused.

### Survey Montclair's Insurance

Curtis W. Pierce, vice-president of the America Fore, a resident of Montclair, N. J., has been appointed chairman of a committee which will make a survey of the town's insurance coverage. The action is due to a \$1,400 fire which occurred in the municipal building but on which the city received \$875 in settlement due to an insufficient amount of fire insurance coverage.

### Hartford Board Hears Green

HARTFORD, Nov. 18.—Frank H. Green of the inland marine department of the National Fire spoke at the regular monthly meeting of the Hartford Board on inland marine insurance.

### Effect of Marine Strike

Marine underwriters have suffered very little if any loss due to the marine strike, which now shows signs of cracking on the Atlantic Coast but which still keeps Pacific Coast activity at a standstill. There has been an absence of violence so far. Extra premium has been developed through sale of the war clause, but the underwriters have been deprived of business because of the cessation of shipments.

# The TOKIO

MARINE AND FIRE INSURANCE COMPANY, Limited

Established 1879

United States Fire Branch: 80 John Street, New York  
J. A. KELSEY, General Agent GEORGE Z. DAY, Ass't Gen. Agent

U. S. Statement June 30, 1936

PREMIUM RESERVE .....	\$ 1,975,486.52
OTHER LIABILITIES .....	686,752.12
SURPLUS TO POLICYHOLDERS .....	10,819,242.47
TOTAL ASSETS .....	13,481,481.11

Bonds & Stocks valued on New York Insurance Department Basis. Securities carried at \$623,755.74 in the above statement are deposited in various States as required by law.

Chicago Branch: 175 West Jackson Blvd.

Alfred J. Couch  
Manager Brokerage and Cook County Depts.

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Insurance attorneys. Especially equipped to handle investigations, adjustments and litigation over central New York.

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(Continued next page)

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## MOTOR INSURANCE NEWS

### Trailer Builders to Meet Illinois Examination Report

Hold Round Table Discussion of Problems This Week in Connection With Auto Show

Coincident with the automobile show in Chicago this week the newly formed Trailer Coach Manufacturers Association is meeting Thursday and Friday for a round table discussion of problems affecting their business. The attitude of fire underwriters toward the line will be presented by J. Ross Moore, manager National Automobile Underwriters Association, the fraternity naturally having a keen interest in the development of trailers both of the pleasure and commercial type.

Whether the home automobile is to prove a fixture in the motor field, or merely a passing fad, is a question upon which insurance men differ. Some maintain the "wanderlust" that affects the average American, plus ever expanding fine roadways together with marked advance in home automobile construction, will present an appeal hard to resist, and that the use of this equipment will increase. Others feel the novelty of roughing it about the country will soon wear off, and owners of home automobiles will revert to other methods of travel.

Casualty men, while watching growth of the trailer movement and keeping close tab upon loss experience, have no present intention of changing their rules or rates for writing the business.

In connection with the automobile trailer movement, the action of the law enforcement committee of the American Association of Motor Vehicle Administrators, presented at the annual session at Hot Springs, Ark., is interesting. The committee held that "if people continue to take to trailers in the next two years as they have in the past two, then trailers will become the greatest menace on the road, unless necessary enforcement measures are adhered to."

Proposed regulations favored included better hitching facilities, improved lighting, adequate identification and regulation of weight and speed of the machines.

Automobile insurance men followed with much interest the reception that was given to the exhibits of auto home trailers at the New York and Chicago automobile shows this year. At both places about 60 trailer units were on display. The newspaper reporters in both places observed that the trailer exhibit elicited much curiosity but there was not a great indication of acquisitiveness on the part of the public.

In New York, the trailer exhibits were not featured especially in the newspapers but in Chicago the trailers stole the publicity and pictures. There is quite a difference in attitude towards the trailer as between New York and Chicago. In the former city, the belief is rather general that the trailer will prove to be decidedly a fad; that the idea of trailer life is much more attractive than it actually proves to be and that most of those who buy trailers will soon tire of them.

In Chicago, the opinion is not altogether unanimous that the trailer is destined for a vast development, but there is certainly a much stronger belief that this will come about than there is in New York.

### Wolverine Agents Organize

BAY CITY, MICH., Nov. 18.—Agents of the Wolverine of Lansing in this section of the state formed the Northeastern Michigan Wolverine Insurance Association at a meeting here during the past week. A. W. Munger, Saginaw was elected president. Other officers are: Vice-president, A. G. Schilling, Unionville; secretary-treasurer, Arthur Eliot, Bay City; executive board, J. E. Schwalm, Sebawaing; R. N. Martin, Saginaw; Howard Asbury, Midland, and Ralph Nuttall, Standish.

State Insurance Bureau Gives Some Chief Facts as to Midwest Automobile Underwriters

The Illinois department has made a report on the Midwest Automobile Underwriters of Freeport, Ill., as of May 1. The assets are \$237,088, claim reserve \$27,457, premium reserve \$49,971, contingency reserve \$34,000, policyholders surplus \$112,904. This is a reciprocal. The report says that its investments are of good grade and the cash position is such that it will experience no difficulty in meeting its current obligations. Past experience, the report declares, has shown a steady and consistent growth. The treatment of policyholders appears to be fair, so says the report.

#### Licensed Only in Illinois

The Midwest Agency Corporation capitalized at \$50,000 is the attorney-in-fact. George H. Schirmer is vice-president and general manager. The exchange is licensed only in Illinois. Only one policy form is issued, which provides for a cash premium and is non-assessable. The rates vary as to territory, being based on experience. For the entire business written the average rate is approximately 20 percent under conference manual. The average commission paid agents is 28½ percent. The premiums for the first four months were \$66,621.

### Michigan J. P. Finds Auto Home Trailer Is Dwelling

PONTIAC, MICH., Nov. 18.—The insurance interest in auto house-trailers makes a decision here that a trailer is a home and subject to zoning ordinance provisions of significance.

Justice of the Peace Green handed down the decision in a test case launched by the village of Orchard Lake. Hildred Gumarsol was found to

have violated the zoning ordinance by living in a "dwelling" containing less than the floor space set forth in the ordinance. Gumarsol, with a number of other house car occupants, had been residing on the shore of Upper Straits Lake within the village limits. He was fined a nominal sum.

Justice Green ruled that a house trailer having a great many of the appointments of a home, would come under the scope of a human dwelling, whether it stands upon blocks or the wheels attached thereto or whether it be coupled to or detached from an automobile.

It is considered probable the conviction will be appealed in view of the implications of the decision and its importance as regards the validity of similar local regulations.

Even though the courts adopt the view that trailers are dwellings it seems hardly likely that they could be insured under a dwelling form.

Trailers are now licensed as automobile accessories and taxed on that basis. If they are legally defined as homes, however, they would be subject to property taxes, it would seem, thus creating double taxation of a type that might call for adjustment in the statutes.

### Stresses Zoological Feature

The Central Manufacturers Mutual is recommending the comprehensive automobile policy as zoological protection because of two rather recent experiences. One loss was caused when a young bull in a trailer got rambunctious, pushed his horns through the turret top of the towing car and somersaulted off, causing considerable damage. The car owner had comprehensive coverage and accordingly collected for the bull damage.

Another zoological loss was not covered, because the car was insured only against fire and theft. An entomologist had left his car, filled with provisions, in a forest. A bear tore off the top of the car, got inside and damaged the upholstery. The owner filed claim for damage under the theft provision on the ground that the bear was a thief. This claim was denied.

## MARINE INSURANCE NEWS

### Affirm \$76,000 Total Claims

Federal Court Master Reports in "Material Service" Explosion Case Arising in 1930

Judgments totaling \$76,000 under protection and indemnity coverage for death and injuries to members of the crew of the "Material Service," owned and operated by the Leatham Smith-Putnam Navigation Company, resulting from an explosion of accumulated gases in 1930, were affirmed in the U. S. district court of southern Illinois, eastern division, in a report of Special Commissioner T. J. Peden, master-in-chancery. This is the last chapter in a long drawn out legal battle which went up to the U. S. Supreme Court and in which the navigation company and its underwriters consistently were beaten.

The coverage was placed by Osborn & Lange through the P. & I. Underwriters. The "Material Service" a few months ago sank in Lake Michigan off the south shore of Chicago with loss of several additional lives.

#### Showed Presence of Methane

Interesting points were brought up in the long litigation, one being the effort to limit liability to value of the hull under admiralty law. Another was the question of negligence on the theory sufficient precautions had not been taken to prevent accumulation of explosive gases.

The boat had taken on water ballast from a source giving off methane, or

marsh gas, which is highly explosive and odorless. Testimony showed a hatch cover over the ballast tanks could not be tightly closed due to various holes and there was direct communication from the hatch cover to the steering gear room in which the explosion occurred. There was also evidence of incomplete combustion of gas in the motors, and that the exhaust pipes led through the steering gear room. The value of the boat was \$200,000, a bond in this amount in the Indemnity of North America being posted with the petition for limitation of liability.

#### Large Judgments Affirmed

Judgments affirmed were: Delia Embury, administratrix for the estate of Charles Embury, cook, deceased, \$30,000; Gunnar Pearson, second cook, \$25,000; Henry Osby, second mate, \$7,500; J. A. Nelson, watchman, \$3,500.

Embury was terribly burned, dying later in a hospital in Berwyn, Ill. Pearson also was badly burned, losing 40 pounds in hospital, and it was shown having a vasometer change in sensory nerves, a drawing up of scar tissue, insomnia and being unable to get steady work. Osby was thrown out of the pilot house by the explosion, burned and injured and having to have all his teeth extracted. Nelson also was thrown out of the pilot house with concussion and burns and later it developed had a fractured skull.

The effort to limit liability was due to testimony produced by Lord, Lloyd & Bissell of Chicago, counsel for the plaintiffs, as to life expectancy of these claimants, the total judgment asked being



about \$175,000. The original court found for these claimants in 1934, appeal being taken to the circuit court of appeals of Illinois, judgment being affirmed last year. Petition for writ of certiorari in the U. S. Supreme Court was denied and the case then went to the special commissioner who has just reported.

## Ruling by Ohio Department

**Holds That Merchants Can Not Sell Insurance with Merchandise That Is Being Offered**

COLUMBUS, O., Nov. 18.—The Ohio department has notified merchants supplying insurance on bicycles and other personal property that they must cease doing so. The division says it has learned that many merchants have obtained from insurance companies fire and theft insurance on personal property sold by the merchant, by which the property is insured for one year or more against the hazards specified. It is said that this has become more common with merchants selling bicycles than any other commodities. In advertisements, it is said, the purchasers are led to believe that the merchant is selling insurance direct to his customer as an insurer or as an insurance company representative. The price for the insurance is usually included in the charge for the article sold. The department says this is in violation of the insurance laws.

The practice is about the same as carried on by furriers who took fur garments for storage or sold fur coats and included insurance in the charge. They would secure the insurance on a wholesale plan and then sell it to purchasers on the retail plan but the price would be less than a person would have to pay by getting a policy with an agent.

## Florida Reinstates Marine Rule

TALLAHASSEE, FLA., Nov. 18.—The order issued by the Florida department Oct. 25, rescinding an order dated Feb. 15, 1934, adopting the marine definition of the National Association of Insurance Commissioners, has now been revoked, making the position of the department again in line with the 1934 ruling and again making the definition effective in this state.

## General May Enter Tennessee

It is reported that the General and First National of Seattle will enter Tennessee the first of the year.

## Lend Us

Lend us your ear. We only want one ear because we don't want what we say to go in one ear and out the other. As a matter-of-fact, we have little trouble in getting the ear of our agents because they know our advice is the result of knowledge received in the hard school of experience. We've been through depressions, conflagrations and other calamities, and we've profited from the lessons taught. Maybe we can pass some of this information on to you. Write and find out.

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## Missouri Department Has Taken Over the Reciprocal

(CONTINUED FROM PAGE 20)

Mr. O'Malley has deputized Harold C. Fielder, auditor for the Rankin-Benedict Underwriting Co., and placed him in charge of the Manufacturing Lumbermen's Underwriters, pending examination of the company's books by the department.

Rankin-Benedict has filed a motion for change of venue on the restraining order, which was scheduled to be heard Wednesday afternoon. This ties up proceedings until the new motion is acted upon.

It was learned this week that the insistence by certain lumbermen subscribers that the reciprocal's total surplus, some \$825,000, belongs to them because created by them, is the chief reason for failure of a proposed reinsurance contract whereby Atlas Mutual, also managed by Rankin-Benedict, was to take over the Lumbermen's business.

The only way Atlas could have reinsured the exchange's business was to take over all its assets, pay its debts, and then distribute what remained to subscribers on a pro rata basis. The lumbermen object to having the surplus they created used to pay obligations on general business, on which the exchange's losses have been high.

Under the reciprocal plan of operation, when a risk is cancelled, either by the exchange, or by the subscriber, the amount of unearned premium plus accumulated surplus on previous business must be returned.

In the Atlas negotiations, objecting lumbermen wanted to pull down their surplus from behind the general obligations of the exchange, it is reported. In such case the exchange would have been left without funds to meet obligations on its general business. Some subscribers would have been left unprotected. It is understood that the prevention of such a contingency lay behind O'Malley's action in asking for a receivership.

Rankin-Benedict, the report has it, contends that surplus belongs to the exchange first of all for the payment of debts, and only secondarily to individual subscribers who created it.

However, the lumbermen continue to maintain their position, and their view is supported by some reciprocal interests not involved in the present situation. The dispute may have to be decided by the courts. Should courts decide that the surplus belongs to subscribers who create it, and not to the reciprocal for the benefit of its general debts, the reciprocal system may undergo rather radical changes. If an exchange's sur-

plus is not to be used for the payment of its debts, then it is equally true that if any new subscriber's losses exceed his premiums, he is not entitled to be paid out of surplus accumulated by other subscribers. In other words, a reciprocal might find it difficult to secure new business.

There appears to be little chance of reviving the Manufacturing Lumbermen's, with either reinsurance or liquidation the only alternative.

## Considerable Criticism Made

**National Board Gives Its Report on Conditions Engineers Found at Huntington, W. Va.**

The National Board has made a report on Huntington, W. Va., showing the loss for the past five years \$463,964, the average loss per fire being \$283 and the average loss per capita \$1.19.

The engineers find the water supply works mainly adequate and reliable. The quantities available are inadequate in the western part of the congested value district, poor to good in the manufacturing districts, and adequate in most residential districts. The fire department without a single responsible head, is poorly trained and undermanned. The fire alarm system is reliable but inadequate in extent.

The congested value district is mostly ordinary construction, of mainly low heights but with numerous large areas without interior protection and with slight retarding features against the spread of fire. The sprinkler equipments in moderate number mitigate the probability of fires starting. The fire department is inefficient but the advantage of wide streets makes sweeping fires improbable. Serious group fires are probable. Overhead wire obstruction is bad in places. Among the industrial plants only local fires are probable.

## New Kansas Committees

President H. O. Tinklepaugh of the Kansas Association of Insurance Agents announces his committee appointments. A. E. Smoll, Wichita, heads the committee on safety, education and fire prevention; J. M. Powell, Iola, membership and local boards; F. T. Priest, Wichita, conference; Don Ellis, Kansas City, state insurance; Rosse Case, Marion, farm; F. H. Reed, Wichita, legislation; John Kelly, Leavenworth, grievance; and Mr. Smoll, financial responsibility act.

## Indiana Initiation Staged

An impressive initiation ceremony was put on by the Indiana Blue Goose, Monday evening, when ten goslings were given their first swim. Commissioner H. E. McClain had been elected to membership but enforced absence

from the city prevented him from being present. Past Most Loyal Gander G. L. Heinz gave the obligation, and H. W. Hukill of Ohio, grand custodian, gave the charge. Other out-of-state guests included C. J. Lingenfelder, agency superintendent; J. E. Guy, superintendent automobile department, and Special Agent L. C. Edwards, America Fore, Chicago; Homer Burlingame, manager Western Adjustment, Cincinnati, and his associates, Jerry Halladay and Edgar Penny.

C. R. Watkins presided. F. D. Payne was captain of the guards who put on a thoroughly rehearsed initiation ceremony. A. W. Schmadeke, chairman of the entertainment committee, announced the next event of the Indiana pond as a Christmas party Dec. 19.

## Ohio Agents to Be Guests

Ohio agents of the Excelsior of Syracuse will be the guests of F. P. O'Connor of Lima and John E. Greenwood of Warren, Excelsior directors in Ohio, at the Ohio State-Michigan football game in Columbus Saturday.

## Smoke & Cinder Election

PITTSBURGH, Nov. 18.—In a "real" election officers were named Monday night by the Smoke & Cinder Club of Pittsburgh.

John A. Larimer, Commercial Union, is president; George E. Scaff, Royal Exchange, vice-president; Charles M. Hastings, Firemen's, secretary, and Frank A. Meisel, North British & Mercantile, treasurer.

J. H. Moller, Continental, heads the membership committee, which includes James Murphy, Home, and R. E. Hodgson, Camden.

## Dallas Courses Started

Fire and casualty insurance classes were started in Dallas, Texas, to run 21 weeks, five classes meeting Tuesday afternoons in the Y. M. C. A., 4:45 p. m. to 6 p. m., Al. M. Johnson being instructor. Casualty classes Thursdays at the same time with F. J. Bray, Jr., of J. W. Lindsley & Co. as instructor. The Dallas Agents Association is sponsoring the school. The Blue Goose has set aside \$50 to begin accumulation of an insurance library.

The American Fire of Galveston, which has been organized by the American Indemnity interests, has \$200,000 capital instead of \$100,000, as announced in a recent issue.

## Your

Your one great need is to keep abreast of the times. This means you must be able to anticipate the requirements of your customers with modern policies, such as the ones issued by this company. You can keep up-to-date if you can qualify to become our agent. Write.

SINCE 1850

**Connecticut  
FIRE INSURANCE CO.**

OF HARTFORD, CONNECTICUT  
Cash Capital, . . . \$2,000,000.00  
Surplus to Policyholders, \$15,070,293.55

## One Ear

Turn one ear to our story and you'll be glad to represent us--and we'll be glad to have you--if there's a vacancy in your territory. Write.

SINCE 1859

**FOUITABLE  
Fire & Marine Insurance Company  
PROVIDENCE, R.I.**

Cash Capital, . . . \$1,000,000.00  
Surplus to Policyholders, \$5,431,263.89

**FACTUAL APPRAISALS**  
Impartial Valuations of Industrial and Commercial Property. A quarter century of factual appraisal service to America's more conservative business institutions.  
**SOUND COMPETENT RESPONSIBLE**  
**The Lloyd-Thomas Co.**  
RECOGNIZED AUTHORITY ON PHYSICAL VALUES  
APPRAISAL ENGINEERS  
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**A The  
Accident & Health  
REVIEW**

tells you how, gives you new sales ideas and suggestions, latest news, court decisions, etc., etc.  
Send 9c in stamps for sample copy to A-1946, Insurance Exchange, Chicago.

## F. J. Budelier Refuses to Continue in Office

(CONTINUED FROM PAGE 30)

Agents requested some expression as to changes in the standard fire policy. The committee feels that there should not be an overhauling but perhaps some clarification of certain items. The committee considers the present policy fair with legal decisions tending toward intent rather than following the letter. Discussion arose as to the advisability of having a two-day annual meeting rather than one day. Sentiment favored a two-day plan. A motion prevailed that next year the mid-year meeting be one day and annual meeting two days.

### Discount for Prompt Payment

Horace Checkley, Mattoon, brought up the advisability of allowing a discount of 2 percent to agents for prompt payment of balances. The subject was referred to the directors.

In the discussion on automobile financing it developed that the American Finance Conference consisting of independent companies is back of an anti-coercion bill to be presented at the next session of the legislature to prohibit finance companies forcing automobile buyers to place their insurance with them.

A telegram of greeting was received from K. H. Bair, Greensburg, Pa., former National president.

A motion was passed asking conference and other orthodox companies to take up seriously the writing of long haul trucks.

A luncheon meeting of presidents and secretaries of local boards was held with W. H. Jennings, Jr., Rockford, presiding.

### Contract Bond Resolution

The following resolution was adopted concerning commissions on large contract bonds:

"Whereas, during the past five years special reduced rates have been promulgated by the Towner Rating Bureau to apply on bonds on large public projects and

"Whereas, in a great majority of instances these special rates have been created entirely at the expense of the producer, and

"Whereas, the surety committee of the National Association of Insurance Agents is vigorously endeavoring to secure an agreement from the companies that future concessions in rates will be contingent upon proportionate contributions by companies and producers.

"Resolved, that the Illinois Association of Insurance Agents strongly commends the effort of the National association and its surety committee in this endeavor to bring about a more equitable method of establishing special rates on bonds on large public projects."

### Study New Jersey Plan

Another resolution urged study of the possibility of applying the so-called New Jersey plan in Illinois, it reading:

"Whereas, the increasing complexities of modern business demand correspondingly expert and painstaking insurance knowledge and service.

"Whereas, National, state and local associations recognizing this trend and impressed with the necessity of facing the responsibilities thus imposed upon the producer and his organization have in many instances cooperatively handled public business for the federal government, state, municipalities, school boards and other public bodies and by so doing have also effected very substantial savings in insurance costs to the taxpayers.

"Resolved, that the Illinois Association of Insurance Agents create a special committee for the study of this problem.

"Resolved, that this association pledges its full cooperation to such committee in an endeavor to bring about in the handling of insurance on public property in Illinois the principle established in New Jersey and Ohio, to the end that the political influence in the

## Old Timers Among the Fire and Marine Insurance Carriers

There is always an interest in insurance companies that have reached a well seasoned age. The following list gives the fire insurance companies that have been in business 50 years and more and another shows those that have been in business from 25 to 50 years. The lists are as follows:

### FIFTY YEARS OR MORE

Aetna Fire....1819	Merchs. & Mfrs.1849
Agricultural....1853	Merchants, R. I.1851
Albany.....1811	Mich. F. & M....1880
Allemania...1868	Millers Natl...1865
Alliance, Eng.1824	Millw. Mech....1852
Amer. Cent....1853	Natl. Ben Fran.1866
American, D. C.1873	Natl. F. & M....1865
American, N. J.1846	National, Ct....1871
Atlas As....1808	Natl. Liberty...1859
Birm'gham, Pa.1871	Natl. Union....1865
Blue Ridge, Md.1845	Netherlands...1845
Boston.....1873	Newark Fire...1811
British Amer...1833	New Brunsw...1826
Brit. & For. M.1863	New Hamp....1870
Buffalo.....1867	N. Y. Fire....1832
Caledonian...1805	New Zealand...1859
California...1864	Niagara Fire...1850
Camden Fire...1841	No. Brit. & Mer.1809
Canton.....1836	No. Car. Home.1868
Capital F., N. H.1836	Northern, Eng.1836
Cent. F., Md...1865	North River...1822
Century.....1855	Northw. F. & M.1869
Christina Gen.1847	Norwich Un...1797
Columbia, O...1851	Ocean Marine 1859
Commerce...1859	Ohio Farmers.1848
Com. Un., Eng.1861	Orient.....1867
Commonwealth.1886	Pacific.....1851
Concordia...1870	Pearl.....1864
Connecticut...1850	Penna. Fire...1825
Continental...1853	Phoenix, Eng. 1782
County F., Pa.1832	Phoenix, Ct...1854
Corcoran Fire.1873	Potomac.....1831
Detroit F. & M.1866	Prov. Wash...1799
Dubuque F.&M.1883	Reliable, O...1865
Eagle, N. Y...1806	Reliance, Pa. 1841
Equit. F. & M.1859	Reliance Mar.1881
Eur.-Sec. F.&M.1864	Richmond, N. Y.1836
Farmers, Pa...1853	Royal Exch...1696
Fire Assn....1817	Royal.....1845
Fireman's Fd.1863	St. Paul F. & M.1853
Firemen's, D. C.1837	Scot. Un. & Nat.1824
Firemen's, N. J.1855	Sea.....1875
Fonclere.....1879	Security, Ia...1883
Franklin.....1829	Security, Ct...1841
General, Fr...1819	Skandia.....1855
Genl., Austria.1831	South British 1872
Georgia Home.1859	Springfield F. & M. ....1849
Girard F. & M.1853	Standard, N. J.1868
Glens Falls...1850	Standard Mar. 1871
Globe & Rep...1862	State, Pa....1794
Granite State.1885	Stonewall....1866
Great Amer...1872	Stuyvesant...1850
Halifax Fire...1809	Sun.....1710
Hamilton Fire.1852	Superior Fire.1871
Hanover Fire.1877	Svea.....1866
Harford Fire.1910	Swiss Reinsur.1863
Home P. & M.1864	Switzerland
Home, N. Y...1853	General.....1869
Illinois Fire...1876	Thames & Mersey
Indem. Mar...1826	Marine.....1860
Indiana.....1851	Tokio.....1879
Ins. Co. of N. A.1792	Un. & Phe. Esp.1864
Lafayette....1869	Union Assur...1714
Law U. & Rock.1806	Union, France.1828
Liberty, Ky...1854	Union, Ind....1849
L. & L. & G...1836	Union, China.1835
London & Lanc.1861	Un. Mar. & Gen.1863
London & Prov.	United Firem's.1860
Mar. & Gen...1860	U. S. Fire....1824
Lond. & Scot...1862	Urbaine Fire...1838
London Assur...1720	Utah Home...1886
Lumbermen's...1873	Va. F. & M....1832
Marine.....1836	Westchester...1837
Maritime....1864	Western, Can. 1851
Mech. & Trad.1869	Yorkshire....1825
Mechanics....1854	

### TWENTY-FIVE TO FIFTY YEARS

Alliance, Pa...1904	Meiji Fire....1891
Amer. All...1897	Merchan., N. Y...1897
Amer. & For...1896	Merch., N. Y...1910
Amer. Drug...1906	Minneapolis
Atlantic, N. C...1905	F. & M....1902
Atlantic City.1902	National Union.1901
Automobile, Ct.1907	New Jersey...1911
British General.1904	North'n. N. Y...1897
Cale.-Amer...1897	Northwestern
Cap. Fire, Cal.1911	F. & M....1899
Carolina, N. C.1887	Old Colony...1906
City N. Y...1905	Pac. Coast, B. C.1890
Columbia, N. J.1901	Palatine.....1900
Com. Un. N. Y.1891	Piedmont, N. C.1895
Detroit Nat...1911	Queen City F...1905
Dixie Fire...1906	Queen.....1891
Eagle, Star & Brit. Dom...1904	Retailers, Okla.1910
East Shore, Va.1906	Rhode Island...1905
Equitable, S. C.1894	Rocky Mt'n...1911
Equity F., Mo...1903	Seaboard, N. J.1907
Federal, N. J...1901	Scandinavia...1899
Federal Union.1908	South Car...1910
Fidelity Phen.1910	Southern Home.1911
Globe & Rut...1889	Standard, Ct...1905
Home, Hawaii...1911	Star.....1896
Imperial, N. Y...1899	State, Eng...1891
International...1909	Twin C'y, Minn.1910
Iowa Fire...1906	Underw. N. H.1905
Maryland....1910	Union, Eng...1907
Mass. F. & M...1910	Yang-Tsze....1889

placing or marketing of insurance be eliminated and such business restored to its natural channels with resultant benefit in service and cost to the insuring public."



## RHODE ISLAND INSURANCE COMPANY

31 Canal St., Providence, Rhode Island

• STATEMENT AUGUST 1, 1936 •

### ASSETS

Bonds and Stocks.....	\$2,971,612.19
Cash Balance.....	442,290.83
Agents' Balances Outstanding.....	394,747.97
Accrued Interest, Other Assets.....	71,929.32

**\$3,880,580.31**

### LIABILITIES

Reserve for Unearned Premiums.....	\$1,624,231.48
Losses in Course of Adjustment.....	90,485.00
Reserve for Taxes, Expenses, All Other Liabilities.....	95,600.91
Special Reserve Account.....	30,000.00
Capital Stock.....	\$1,000,000.00
Net Surplus Beyond All Liabilities....	1,040,262.92
Surplus to Policyholders.....	<b>2,040,262.92</b>

**\$3,880,580.31**

NOTE: All bonds and stocks are carried at Actual Market Value.

Policyholders rating A+ (Excellent)

This company is built on the best practices of insurance and the fine traditions typical of New England.

## FIRE REINSURANCE TREATIES

Eagle Fire Insurance Company  
(NEW JERSEY)

Baltica Insurance Co., Ltd.  
(DENMARK)

Franklin W. Fort - Thomas B. Donaldson  
18 WASHINGTON PLACE, NEWARK, N. J.

## NEW YORK UNDERWRITERS INSURANCE COMPANY

CAPITAL \$2,000,000

A. & J. H. STODDART, General Agents

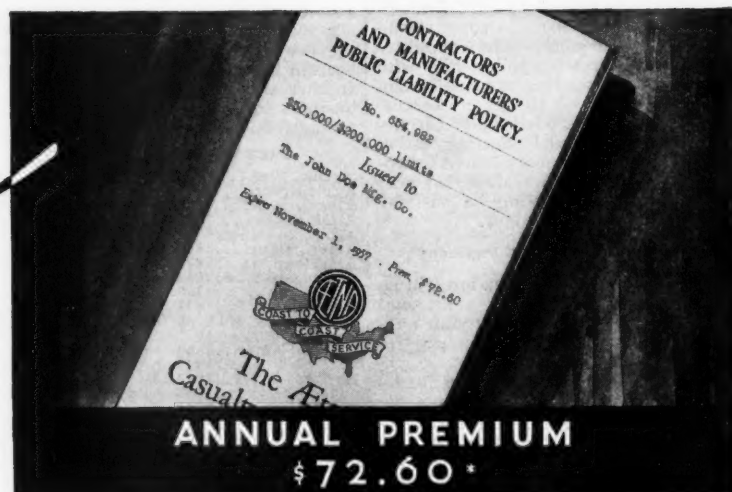
90 John Street - - - - - New York City

FIRE - AUTOMOBILE - WINDSTORM  
BUSINESS INTERRUPTION INDEMNITY

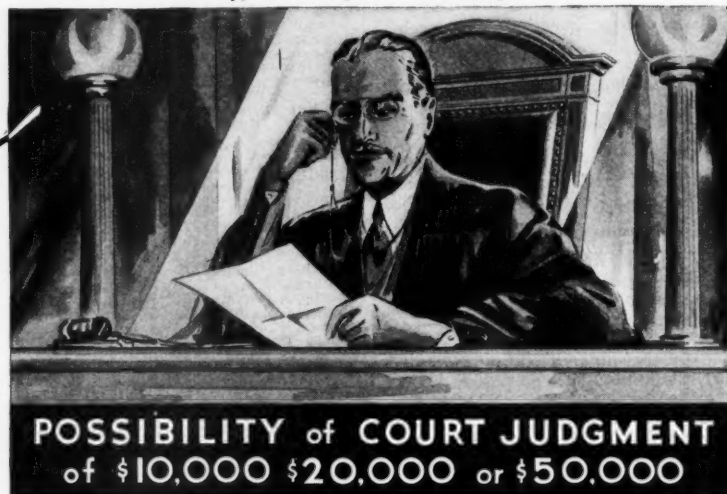
# ÆTNA LIABILITY INSURANCE

substitutes the

*known  
for the  
unknown*



\*A typical example of an average case



OF all the many forms of insurance available, none is more essential than Liability Insurance, and in placing this business the selection of a financially sound, dependable company is even more important.

Although property and possessions of every description may be insured against various risks of loss or damage, a single judgment in a suit involving liability to a third party may jeopardize all of one's earthly possessions — home, business, automobile, savings, investments.

ÆTNA writes all forms of Liability Insurance, including Automobile, Contractors', Elevator, Employers', Golfers', Hospital, Malpractice, Manufacturers', Residence, Owners', Landlords' and Tenants', as well as practically all types of insurance and bonding protection.

In back of every Ætina policy are *unquestioned* financial resources and a *time-tested* organization that give positive assurance that every claim will be met promptly and fairly, whether brought today or years hence — a most important factor in connection with Liability Insurance.

*It Pays to be an Ætina-izer — It Pays to be Ætina-ized*



## THE ÆTNA CASUALTY & SURETY COMPANY

and affiliated companies

THE ÆTNA LIFE INSURANCE COMPANY — THE STANDARD FIRE INSURANCE COMPANY  
THE AUTOMOBILE INSURANCE COMPANY OF HARTFORD, CONNECTICUT

# The NATIONAL UNDERWRITER

November 19, 1936

CASUALTY AND SURETY SECTION

Page Forty-five

## Leon Senior Heads Casualty Actuaries

Much Attention Given to Workmen's Compensation at Annual Meeting

### STATE MONOPOLIES HIT

Wider Use of Deductible and Excess Coverages Forecast by Travelers Man

#### NEW OFFICERS ELECTED

President—Leon S. Senior, New York Compensation Insurance Rating Board.

Vice-presidents—F. S. Perryman, secretary Royal Indemnity and Eagle Indemnity, and S. D. Pinney, associate actuary Travelers.

Secretary—Richard Fondiller, Woodward & Fondiller (reelected).

Editor—C. W. Hobbs, special representative of the National Association of Insurance Commissioners to the National Council on Compensation Insurance (reelected).

Librarian—William Breiby of Fackler & Breiby (reelected).

NEW YORK, Nov. 18.—Monopolistic state workmen's compensation funds as examples of the folly of government superseding private business; the desirability of broader use of deductible and excess coverages, but on a basis to assure adequate expense allowances; the value of synthetic risks as a guide to the handling of large risks; and what is being done to offset the inequality between the loss ratios of small and large workmen's compensation risks were covered at the annual meeting of the Casualty Actuarial Society.

Leon S. Senior, general manager New York compensation Insurance Rating Board, was elected president to succeed W. W. Greene, vice-president and secretary General Reinsurance. Reelected members of the council for three years: T. O. Carlson, assistant actuary National Bureau of Casualty & Surety Underwriters; F. Stuart Brown, comptroller Fireman's Fund Indemnity, New York, and R. M. Marshall, assistant actuary National Council; for two years: H. J. Ginsburgh, assistant secretary American Mutual Liability, Boston.

#### Creating Synthetic Risks

In a technical paper on the use of synthetic risks in determining pure premium excess ratios for large risks, Paul Dorweiler, actuary, Aetna Casualty and Surety Company, suggested that because of the limited number of large casualty risks use might be made of the device of artificially created risks. There is a scarcity of large risks in all lines of casualty insurance and in many lines even the medium sized risks are rather limited in number.

A risk, from a statistical viewpoint,

## Highest N. Y. Court Gives National Surety to C. I. T.

NEW YORK, Nov. 18.—The court of appeals, which is the highest tribunal in this state, has awarded the stock of National Surety Corporation to Commercial Investment Trust on its bid of \$1,031,000 for the entire stock. This puts an end to the lengthy controversy over the sale of the new National Surety, whose stock has been held by the New York department as trustee for the benefit of creditors of the old National Surety. Commercial Investment Trust is a potent and rich financing concern and its backing is expected to give National Surety great impetus.

Commenting upon the decision of the court of appeals, Henry Ittleton, president of Commercial Investment Trust, said: "We are naturally gratified at the unanimous decision of the court in awarding the stock of the National Surety Corporation to the Commercial Investment Trust on its high bid of \$1,031,000. The acquisition of the National Surety Corporation is an important step in extending the diversified activities of our corporation."

That C. I. T. has made an exceptionally good deal is generally recognized. Since the time it made its initial bid and put up a deposit of \$1,000,000 the portfolio of National Surety has increased in value by about \$2,000,000. Furthermore National Surety will show a fine underwriting profit this year and this was not taken into account in the original bid.

The court of appeals in upholding the decision of the appellate division directing sale of National Surety to Commercial Investment Trust, disposes of the litigation concerning the future of the corporation, which has been in the courts for over six months.

As holder of the entire stock of the

consists of the operations on an assured for a term, usually a year. If the term is extended to two years, the size of the risk is doubled, and so on. If the experience of consecutive renewals is combined, the same results may be had. Similarly, the experience of different but comparable assureds may be combined to form larger synthetic risks. Mr. Dorweiler's paper gave some results of applying the basic idea to compensation lines, using the experience of all carriers in New York state.

His conclusion is that while the results are not all that may be desired and should be viewed with discretion, they may be looked upon as indicating minimum values of the pure premium ratios and require to be modified upward insofar as they understate the true values.

#### Wider Sale for Deductible

A suggestion for making deductible coverage more salable was advanced by James M. Cahill, Travelers, in his paper on extending deductible and excess coverages on lines other than automobile.

In writing deductible coverages, the insurance company must retain control over the settlement of all losses, regard-

(CONTINUED ON LAST PAGE)

new National Surety Superintendent Pink last March recommended acceptance of the bid of C. I. T., holding it to be the most attractive of the several submitted offers. Supreme Court Justice Valente, however, favored the proposition of the Bancamerica-Blair Corporation for not more than 70 percent of the stock at \$101.50 per share, maintaining creditors would derive greater benefit therefrom.

Appeal from this decision was taken by the C. I. T. to the appellate division, which supported its position. In turn appeal to the court of appeals was taken by the National Bondholders Corporation, with the final result favoring C. I. T.

In making its bid the C. I. T. through President Ittleton said in part: "If the bid be accepted the surety company will be operated and developed as an integral part of the C. I. T. activities, to which the principle of the surety business is closely related."

It was further generally accepted that Vincent Cullen would continue as president of the National Surety, its business having greatly prospered since he assumed his present post three years ago. Prior to that time he was manager of its metropolitan department. The surety corporation operates upon both the branch office and the general agents system, and is represented in France and Germany as well as in the United States.

Commenting upon the court of appeals decision, W. B. Joyce, former chairman of the board of the National Surety, held the C. I. T. had made a sterling investment and predicted a great future for its latest acquisition. While Mr. Joyce has no longer a material interest in the National Surety he will ever retain a sentimental concern for its welfare.

## Must Quote Disputed Bay State Rates for Time Being

As a result of the decision by Judge Crosby of the supreme court in Boston, registration of cars for 1937 may proceed on the basis of the auto liability insurance rates which Commissioner DeCelles promulgated but which the stock casualty companies are contesting in the courts. Judge Crosby denied the petition of the companies for a temporary injunction against the order recently issued by DeCelles requiring the companies immediately to issue to their agents copies of the disputed rates. The companies argued that to issue rates at this time would confuse the issue and cause trouble. The attorney general and insurance commissioner argued that there would be great confusion if the rates were not issued.

W. H. Hitchcock, who has been appointed master to hear the petition of the companies for higher rates, started hearings Wednesday morning and will continue the hearings daily to bring about as expeditious a conclusion as possible.

## Must Lower Cost in Casualty Lines

Superintendent Pink of New York Finds Some Discrepancies Remaining

### COST CONFERENCE TALK

Compliments Companies on Showing in Some Branches—Emphasizes Public Interest

Acquisition cost on casualty business where it is running above the agreed limits, must be reduced, Superintendent Pink of New York stated in a talk at the joint meeting of the casualty and surety acquisition cost conferences held in the New York head office of the National Bureau of Casualty & Surety Underwriters. He complimented the companies for maintaining acquisition costs on some lines at or below the level agreed upon in their pledges to the conferences.

Mr. Pink emphasized that the public character of the business and its general welfare demand strict attention to acquisition cost limitations. He pointed out that on the basis of figures prepared by J. J. Magrath of the department covering all casualty and surety lines in the United States last year, a saving of \$1,600,000 was effected through lowering acquisition cost three-tenths of 1 percent below the 1934 figure.

#### Record Low Commissions

Commissions in 1935 averaged 20.4 percent, the lowest level reached for 12 years, he said, and other production expenses 4.8 percent, the lowest figure in six years. Combined acquisition cost of 25.2 percent was the lowest in seven years, Superintendent Pink stated.

On the other side of the picture he pointed out that average acquisition cost on fidelity, weighting acquisition to the lines involved, was 27.9 percent, whereas the average agreed upon on the 15, 20 and 30 percent lines was 23.7 percent. Acquisition cost on surety lines should average 28.1 percent to be within the rules, but the actual average last year was 32.6 percent, he said.

#### Some Lines Over Limits

While in the plate glass line 35 percent maximum production cost is permissible, 36.8 percent actually was paid. In burglary, 30 percent was permitted but the 1935 figure was 31.7 percent paid. Other lines last year showed: Boiler, 30 percent permissible, 31.6 percent paid; machinery, 30 percent permissible, 31.7 percent paid; automobile property damage, 25 percent permissible, 26.3 percent paid; automobile collision, 25 percent permissible, 28.6 percent paid.

Mr. Pink complimented the companies on holding exactly to the 17.5 percent permissible figure on workmen's compensation.

(CONTINUED ON LAST PAGE)

## Pacific Mutual Plan Held Not Like National Surety

NEW YORK, Nov. 18.—Frequent allusion to the similarity between the rehabilitation proceedings recommended by Commissioner Carpenter of California in the Pacific Mutual Life and the process by which the agency plant and paying classes of business of the old National Surety of New York City were saved for the benefit of its creditors has impelled critics of the Pacific Mutual proposal to point out what they believe to be basic differences in the two cases.

### Burden of Criticism

The burden of this criticism is roughly as follows: In the National Surety case, a new corporation, having the same agency plant and home office personnel as the old company was formed and took over the profitable lines of business written by the old company. This was necessary and desirable, for it saved for the creditors assets (the agency plant and the business on the books) which would quickly have evaporated if quick action had not been taken.

### Prompt Action Saved Assets

The result was that the new organization is now under contract of sale for \$10,000,000 to the Commercial Investment Trust and the creditors are vastly better off than if these assets had not been promptly conserved. Nobody was discriminated against and all creditors shared pro rata in the appreciation of the assets.

Holders of mortgage guarantee policies, the main unprofitable class unloaded by the shift, were of course out of luck, but no more so than they would have been in liquidation proceedings which did not include setting up the new company. At any rate, they held cancellable contracts running only from year to year, not long-term obligations.

In the Pacific Mutual case, however, the critics contend that while there is an apparent similarity, there is a fundamental difference: the paying business of the Pacific Mutual—life and commercial accident and health—is much more hardy than the National Surety's paying lines, for the former has an equity in the form of cash values and the policyholders could not readily get new insurance elsewhere without loss, and of course not at all if they were no longer insurable.

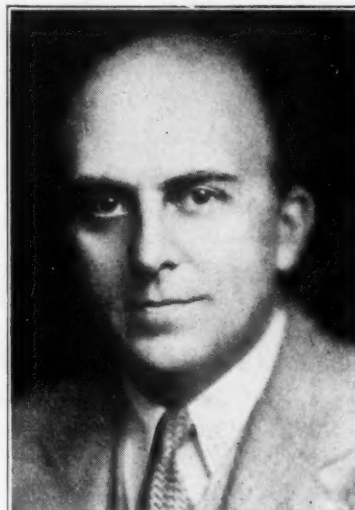
The main point is that the creditors of the old National Surety all got a better deal by reason of the new company being formed out of some of the assets of the old, whereas in the Pacific Mutual proposal the non-cancellable policyholders who have not yet made claims are getting less than they would if the new company were not formed, while the benefit of the shift all accrues to the life and commercial accident departments.

### Two Main Advantages

Furthermore, there is little chance that the life business will experience a jump in value comparable to what the new National Surety has had, and which it was reasonable to suppose it would have.

As the critics of the Pacific Mutual proposal see it, the two main advantages of the National Surety reorganization plan—appreciation of "volatile" assets to somewhere near their true value and, second, equitable treatment of all classes of creditors, are entirely lacking in the Pacific Mutual plan, since not much appreciation can be expected in the value of the life business and a substantial group of creditors (the non-can policyholders) are worse off than they would be if the new company were not formed out of the assets of the old one.

## Sounds Warning



WINFIELD W. GREENE, New York City

W. W. Greene, vice-president and secretary of the General Reinsurance, in his presidential address before the annual meeting of the Casualty Actuarial Society, gave a comprehensive treatise on trends in workmen's compensation insurance which is regarded as authoritative and illuminating.

party has an interest is not a contract of insurance.

### APPEALS PLATE GLASS CONVICTION

NEW YORK, Nov. 18.—Appeal to the appellate division of the New York supreme court was taken by E. G. Roschil, convicted in the trial court some weeks ago of selling plate glass coverage for the Bronx Retail Grocers Association Plate Glass Fund. Complaint in the action was made by J. W. Marden, manager New York Plate Glass Service Bureau, who maintained the association had no authority to engage in the insurance business, which contention was endorsed by the department.

### N. Y. Burglary Rates Cut

NEW YORK, Nov. 18.—Substantial reductions in residence burglary rates have become effective in eight counties in this state. Concessions as to rates and coinsurance clause requirement have been granted silks and satins, under mercantile classification covers throughout the entire state.

Under the new residence classification, risks located in Albany county, hitherto in territory 2; Erie, Nassau, Richmond, Rockland, Suffolk and Westchester counties previously in territory 3, and Onondago county formerly in territory 6, have all been transferred to territory 4. The base rate in territory 4 is \$12.10; that in territory 3, \$18.15, and in territory 2, \$22.

Silk risks have been transferred from trade group 4 to group 2a, reducing the rate for the initial \$1,000 of coverage from \$50 to \$20. At the same time the coinsurance requirement has been cut in all parts of the state.

The anticipation is that when the new manual is issued about the first of the year other rate changes will appear.

### N. Y. Department Rebuffed

The United States Supreme Court has refused to review the decisions of the lower courts which held against the New York insurance superintendent in his effort to compel the Ohio department to turn over to the New York superintendent \$50,000 which was on deposit in Ohio for the defunct Southern Surety.

## Pacific Mutual Hearing Still Dragging in Court

### BREIBY FINALLY FINISHED

Attorney-general Contends Court Is Limited in Action Merely to Passing on Carpenter Plan

LOS ANGELES, Nov. 18.—The Pacific Mutual case is still dragging along. Actuary Breiby of New York finally concluded his testimony. Attempts were made by attorneys for policyholders' groups to secure from him an admission that the old company could have gone on paying its obligations, with proper economies effected, without paring life reserves.

Attorney Lee representing Chicago policyholders declared that the old company could not have paid all its obligations 100 percent either on the \$26,000,000 non-can reserve basis set up by the convention report or on the \$37,000,000 basis, as Mr. Breiby projected, without impairing the reserves.

### Law on Reserves

The question of law or authority for setting up reserves was brought up. The deputy attorney-general introduced as an exhibit a New York department circular letter of 1931, in which Cammack tables were made minimum and showed where the California insurance code made New York's ruling the basis on which the California commissioner must act. Attorney Lee asked Mr. Breiby if New York made its ruling retroactive, and was told that where company experience required, it did.

The court held there could be no distinction between permanent total disability riders on life policies and non-can policies. Mr. Breiby testified that non-can policies written under the 1932 group were written on practically adequate premiums. He cited the Cleveland Life, a case where one class of policies had liens and other classes continued.

### Policy Twisting Issue

Judge Willis scored attorneys for delaying the Pacific Mutual case, telling them that they were quibbling over small matters and producing technical features that had no particular bearing on the case. There has been much sparring back and forth and this has served to drag out the proceedings.

Policy twisting bobbed up while Actuary William Breiby was testifying. Attorney Lawlor on cross examination asked Mr. Breiby what a policyholder of the old company would be paid if he should seek the cash surrender value from the old company. This question brought a court ruling that under court order all old company assets had been transferred to the conservator and that he would pay the claim, and that if a plan should be approved then the new company would pay it. The court also ruled that there would be no run on the new company as the moratorium rests until Nov. 22 and can be extended. Mr. Breiby testified that even if all cash surrender values were to be paid there would still remain funds to continue the business. He said that in his projections he had used a 10 percent greater falling off in business than experience showed and that with that increase the proposed plan still would be feasible. At this point the twisting of policies was brought up and Mr. Breiby said that any policyholder succumbing to twister influence was going against his own best interests.

Judge Willis evidently was much moved when Attorney Kenyon Lee, representing Chicago policyholders, and Attorney Judson, representing the old officers, made an attack on Commissioner Carpenter, challenging his judgment.

(CONTINUED ON PAGE 54)

## Anti-Racketeering Bureau Helps Birmingham Situation

BIRMINGHAM, ALA., Nov. 18.—In the first year's operation of the Birmingham Anti-Racketeering Bureau, of which C. L. Gandy is chairman, damage suits filed in the city were reduced by 1,801 or 38 percent, according to the annual report just submitted. Provision has been made for continuance of the bureau's activities another year.

The bureau probed 63 cases, obtained 23 indictments and nine convictions. Fourteen cases are still pending. In addition the number of verdicts in such damage cases dropped off and the amount of judgments showed a material decline. The number of damage suits against one bottling company dropped from 40 the preceding year to none.

### Brought About Disbarments

As a result of the bureau's activities disbarment proceedings were brought by the Birmingham Bar Association against four lawyers and two disbarred. Publicity given to methods used by the suit fabricators helped to develop more of a moral responsibility to the public among jurors, who seem less inclined to drop back on the old idea that the insurance company can and will pay regardless of the amount of the judgment or unfairness of the claim.

The bureau hopes that as a result of activities by its paid investigators that a reduction can be obtained in Birmingham's liability insurance rates, which are 100 per cent higher than they were a few years ago and higher than any other city of like size in the country.

The Birmingham bureau helped organize an anti-racketeering bureau at Gulfport to serve the Mississippi coast. Requests for outlines of its activities have been received from a number of cities.

## Plate Glass Replacement Deal Found Not Insurance

NEWARK, Nov. 18.—The New Jersey court of chancery has decided that the business of servicing glass store fronts, including repairs and replacements, for a flat fee, on the part of an individual, does not violate the insurance laws. The case was Irving Moresch vs. Daniel T. O'Regan, prosecutor of Hudson county.

### Operated Only in Bayonne

Moresch limited his service to properties in Bayonne, N. J.

The prosecutor, on the theory that Moresch was engaging in the insurance business illegally, brought about the indictment of Moresch.

Moresch alleged that the insurance commissioner had threatened to institute proceedings against him for recovery of penalties because of his execution of the service contract. He alleges that the proposed trial of the indictment would result in irreparable injury to him and to his business.

### Issue Restraining Orders

The court entered an order enjoining the prosecution of criminal proceedings against Moresch, enjoining the institution of civil proceedings against him, declaring the insurance act unconstitutional in so far as it prohibits individuals from carrying on an insurance business because of the omission in the title of the act to include individuals, and declaring that the Moresch service is not a contract of insurance within the meaning of the insurance act.

The court declared that a contract which for a consideration undertakes to do anything other than to pay a sum of money upon the destruction or injury to something in which the other

## Possibilities in Casualty Lines

J. C. Heyer Points Out the Classes That Need More Vigorous Attention

### SOME ARE NOW DRAGGING

Company Official Gives Eleven Suggestions to Producers for Improvement in Their Work

Vice-President J. C. Heyer of the Commercial Casualty and Metropolitan Casualty gave a talk before the Rochester, N. Y., Underwriters Board pointing out some of the production possibilities in casualty and surety lines. Last year the casualty and surety premiums ran up to \$525,449,482 for all companies entered in New York. He broke down the total to determine the percentage decrease in 1933 from the 1930 high and the percentage increase in 1935 over the low of 1933.

#### Net Premiums Given

The net premiums are as follows:

	1930	1933	1935
A. & H. . . . .	56,534,885	39,176,015	44,214,116
Auto. . . . .	230,580,603	189,459,582	191,559,417
Liability (O. T. A.) . . . . .	55,992,685	48,243,053	62,350,051
Work. . . . .	142,199,729	81,222,847	107,789,840
Fid. & S. . . . .	90,982,272	66,216,177	73,886,180
Pl. Glass . . . . .	11,838,095	9,756,269	8,960,427
Burg. . . . .	31,694,339	22,975,067	23,711,853
Boil. & Mach. . . . .	10,573,476	8,306,969	9,172,793
Miscel. . . . .	8,968,025	3,360,070	3,804,805
Total. . . . .	639,364,109	468,716,049	525,449,482

#### Percentages Are Shown

Mr. Heyer said that figures would indicate that the average insurance producer had a smaller insurance income in 1934 compared with his earnings in 1930. He then reviewed by line of business the percentage decrease in 1933 as compared with 1930 and the ratio of increase in 1935 over 1933 as follows:

	Decrease 1933 from 1930 Percent	Increase 1935 over 1933 Percent
Accident & Health. . . . .	30	13
Automobile . . . . .	22	1
Liability (O. T. A.) . . . . .	14	29
Workmen's Comp. . . . .	43	32
Fidelity & Surety. . . . .	27	11
Plate Glass . . . . .	18	—9
Burglary . . . . .	27	4
Boiler & Machinery. . . . .	21	10
Miscellaneous . . . . .	63	15
Total . . . . .	27	12

#### Showing on Automobile Class

This exhibit therefore identifies by line those falling short of average recovery. Take for illustration, automobile, which includes liability, property damage and collision coverages. It discloses a decrease in net premiums during 1933 of 22 percent as compared with 1930, and recovering during 1935 only 1 percent, whereas the loss in net premiums on all lines during 1933 over 1930 amounted to 27 percent and the recovery 12 percent.

Mr. Heyer said that this shows that the automobile business has failed to keep step with the general forward trend of casualty premiums by several million dollars. The premium recovery during 1935 on all lines was 12 percent. A like increase in automobile would have amounted to \$22,735,150 instead of \$2,099,835. The speaker believes that automobile offers great production possibilities for the active producer.

Mr. Heyer suggested a study of the table to bring out production possibilities of lines that have trailed or failed to revive to the average. They are au-

(CONTINUED ON PAGE 54)

## Says Monopolistic Funds Serve As Warning to U. S.

NEW YORK, Nov. 18.—Records of monopolistic state workmen's compensation funds, particularly the largest of these, the Ohio fund, should serve to warn the American people that their interests are best served not by government taking over private business functions but by the friendly regulation of business into "pro-social" channels, said W. W. Greene, vice-president and secretary General Reinsurance, in his presidential address before the annual meeting of the Casualty Actuarial Society.

The results of the recent national election, implying that people believe that they will be better off with a very considerable extension of governmental activity, make it imperative that conscientious effort be made at once to ascertain just what kind of governmental activity is likely to produce constructive results, and the casualty business can make a particularly valuable contribution to such an inquiry, he stated.

#### Rugged Individualism Rebuked

With the economic theory of laissez-faire and rugged individualism rebuked by the "verdict of Nov. 3" the only alternatives appear to be government regulation of business or the taking over of industries by society, Mr. Greene said.

"The main objective of the inquiry which I have proposed should be to facilitate intelligent choice between a sit-

uation wherein private enterprise is fostered but controlled by a friendly government and one in which a government essentially unfriendly to private enterprise undertakes an increasingly greater number of erstwhile private activities," he continued.

#### Casualty Business' Message

"It is in this very connection that the business of casualty insurance has a message to the people, for in some quarters our particular business has been fostered and guided by government into pro-social channels, whereas in others government has projected itself into areas previously occupied by our business."

This divergence of governmental attitude is most pronounced in the workmen's compensation field, said Mr. Greene, and a comparison of state monopolistic funds with privately conducted compensation insurance amounts to a large scale laboratory test and quite likely the only one available under American conditions, of the comparative efficacy of governmental regulation of business at the governmental operation of business. In making this comparison, Mr. Greene emphasized that he spoke for himself and not for the society, which is a strictly non-partisan body.

Selecting the Ohio fund as not only the largest of the monopolistic funds, (CONTINUED ON PAGE 55)

## Joseph Futz Gets White House Letter

EIGHTY-FOUR, PA., Nov. 18.—There was quite a jitter and a titter in our community Tuesday morning after the mail thrown off of No. 33 had been distributed and our popular and efficient postmistress, Lydia Glutkert, let it be known that Joseph Futz, eminent insurance leader, had received a letter from the White House at Washington. She communicated at once with him. The news soon spread and by the time Jos. reached the postoffice there were some 16 or 18 people awaiting him, anxious to learn the contents of the letter. As Mr. Futz neared the postoffice he was given the Chautauqua salute and he responded with gravity and deference. As he emerged from the postoffice, standing on the steps, he stated that out of respect to the high and exalted office of chief executive of the U. S., he felt it would be unseemly to speak about the letter until he had read it carefully and pondered over its contents.

#### Invitations Are Extended

Later in the day Mr. Futz issued an invitation to his policyholders and others who would pledge themselves to take insurance with him during the next six months for a reception in the social room of the Evangelical Lutheran Church at 7 o'clock at which the White House letter would be on exhibition. He stipulated that those who were not policyholders must each agree to purchase at least \$1,000 of life insurance or other kinds of insurance with a minimum of \$10 in premiums.

The company gathered 15 minutes before the time and as all were seated Mr. Futz entered from the side room and was immediately greeted with uproarious applause and cheers, the ovation lasting for a full minute. He presided over the deliberations with creditable aplomb. All arose and sang "America" being led by Rev. Eubach accompanied by Mary Louise Hammerschlag. Next, one primary teacher, Laura Schmidt, read Lincoln's Gettysburg address with such feeling that at the end there was scarcely a dry eye in the house.

At this time the great moment had

arrived when the White House letter would be unveiled. It had been pinned to the drapery on the wall and neatly covered with an exquisite purple silk handkerchief. Little Gypsy Baumke, attired in white organdy with pink ribbons, was placed on a chair and she lifted the handkerchief. Mr. Futz read the letter and stated that at the close all would have an opportunity to examine it. Then in a 45 minute talk Mr. Futz outlined the seven point program he had suggested to President Roosevelt for the handling of the insurance industry. He spoke of the great dangers to the country and showed how Asiatic and Russian monarchs are attempting to supplant insurance men, storekeepers, garage folks and others with cooperatives. All were deeply impressed with Mr. Futz' eloquent and clear sounding address.

#### Tribute Is Paid Mr. Futz

Rev. Eubach then paid notable tribute to Mr. Futz, stating that this recognition of him by the White House placed him in the very forefront of the citizenry of not only Washington county but western Pennsylvania. He declared that hereafter Mr. Futz would have to be taken into consideration in any political or business move. The audience then arose and sang the "Stars and Stripes Forever."

Refreshments consisting of winesap apples and coffee were served by Mrs. Fritzie Futz, assisted by Miss Jennie Lou Hatze. Mrs. Futz was gownned in a beautiful blue crepe gown and Miss Hatze wore a light brown velvet dress.

#### Letter from the White House

The letter sent to Mr. Futz from the White House reads as follows:

WHITE HOUSE, WASHINGTON, D. C.

Nov. 14, 1936.

Joseph Futz,  
Eighty-Four, Pa.

Dear Mr. Futz:

The President asks me to thank you for your letter and its expression of good will. He also appreciates the suggestions and comment that you made.

(Signed) Marvin H. McIntyre,  
Secretary to the President.

## New York Group in Study of Auto Law

Joint Legislative Committee Gets First Hand Data in Massachusetts

### BERG HEADS DELEGATION

Interest in Compulsory Liability Hints Move to Resubmit Proposal in Empire State

NEW YORK, Nov. 18.—The purpose of the recent visit to Boston of a joint committee of the New York legislature, of which Senator J. S. Berg is chairman, was to learn operation of the compulsory automobile liability insurance law in Massachusetts, with a view to proposing a similar measure in this state at the next legislative session. While scant interest was displayed by the general public in the Boston hearings, no citizen appearing, representatives of insurance companies supplied all material available.

The attitude of casualty companies toward the compulsory act was made clear by J. W. Downs, counsel Insurance Federation of Massachusetts, who also was special counsel for the Association of Casualty & Surety Executives. He has been close to the situation in the Bay State ever since the compulsory law was enacted five years ago, and was well qualified to discuss the results.

#### Study Rating Method Used

What the New York delegation particularly desired to learn was the method of rate making employed in Massachusetts, and the reason for the greatly increased number of claims for alleged automobile accident injuries that almost immediately followed passage of the statute.

Senator Berg stated the rate making procedure adopted in New York would be given close study when the committee held sessions in this state, advising, however, that the hearings would not be open to the public. He has been an ardent champion of compulsory automobile liability for some time, last year offering a bill of this type in the upper house of the New York legislature which after being referred to the finance committee was passed to the committee on transportation, where it rested when the legislature adjourned. The companion bill in the assembly fared similarly.

#### Agents Defeated Measure

Shortcomings of a compulsory law were stressed to insurance agents and brokers in all sections of the state last winter and early spring, and the failure of either bill to pass was largely due to the strong opposition that developed from the field. An element among casualty underwriters favors amending the present New York financial security law, commonly known as the A. A. A., by incorporating sections of the so-called "Stone plan," which has been in force in New Hampshire for a year or two—and is reputed to have operated satisfactorily.

Briefly the Stone plan provides for a prompt investigation to determine responsibility for an automobile accident. The insurance policy previously secured, held by the driver at fault, is declared by law to be adequate security. Should the motorist be without insurance protection, he is required to furnish security for such damages as may subsequently be awarded, or lose the right to operate a car within the state.

Concerns selling automobiles on the in-

(CONTINUED ON PAGE 54)

## ACCIDENT AND HEALTH

### Accident & Health Week Set

**April 26-30 Selected for 1937 Observance at First Meeting of General Committee**

The week of April 26-30, 1937, was selected as National Accident & Health Insurance Week at the first meeting of the new general committee in charge of the observance of the week next year, held in Chicago. Chairman Harold R. Gordon presided at the committee's sessions and 14 of the members of the committee, including company and agency men from New York, Hartford, Baltimore, Philadelphia, Springfield, Mass., Detroit, Chicago, Milwaukee and St. Louis, were in attendance.

The committee decided to retain the slogan used last year, which was so generally approved as presenting the real purpose of accident and health insurance: "Insure Your Earnings—Protect All." Approval was given to a tentative design for the poster that will be used next year. A general program for advertising material and sales aids to be put out by the committee in connection with next year's campaign was adopted, together with plans for financing the campaign and handling the administrative details.

The next meeting of the committee will be held in New York the latter part of January, the exact dates to be fixed later.

### Chicago Claim Association Reelects; Pauley Is Speaker

The Chicago Claim Association at its annual meeting Tuesday night reelected all officers: President, T. W. Hislop, Great Northern Life; vice-president, E. H. Freeman, Continental Casualty; secretary, Garfield Donovan, Benefit Association of Railway Employees; treasurer, L. L. Phelps, Great Northern Life. This is Mr. Hislop's tenth term as president of the association.

C. O. Pauley led the discussion of autopsies in cases where there is a question as to whether death is due to accident, a subject which he discussed at the meeting of the International Claim Association. He said an autopsy should be held only as a last resort, because of the fact that it is likely to breed ill will in a community and the further fact that the findings are so likely to be inconclusive. In that connection he urged strongly against such procedure unless there is good reason to believe that it would bring out important facts.

The cases he listed as most likely to require an autopsy are those involving brain injuries and drowning, where dis-

ease is believed to have been a factor; persons of known high blood pressure, where a fall is involved, and accidents so trivial in themselves as to be insufficient to cause death. The company's right to an autopsy, he said, is established by one of the standard provisions, where they are used, but the courts have tried to get around that provision by bringing in the idea of waiver whenever it is possible.

When an autopsy is to be held, he urged that the demand for it should be made immediately, and in proper legal form. It should be conducted by a medical man of high standing, who knows what he is looking for and can tell on the witness stand what he has found, but there should be one or more local doctors present, as their evidence will have more weight with a local jury than that of the expert.

Dr. W. D. McNally and Jerome Kutak, Federal Life, spoke briefly on the medical and legal phases respectively.

### Accident & Health Claims Follow Economic Trends

The close relation between economic conditions and accident and health claims is emphasized by a survey made by S. M. Lamont, third vice-president Metropolitan Life and head of its accident and health department. Mr. Lamont says that the Metropolitan's accident and health claim ratio showed a sharp upward trend from 1929 to 1932, when the lowest point of the depression apparently was reached, and has showed a steady downward trend since that time, standing now at a lower point than in 1929.

The increase was wholly in number of claims, the average amount per claim continuing about the same throughout the period. Some of the other companies have found a material increase in the size of claims as well as the number. Mr. Lamont considers that his company's more favorable experience in that respect is probably due to the closer inspections which it makes on claims.

### Income Guaranty Revising Its Disability Contracts

The Income Guaranty has made several changes in its disability forms. The "economic special," Form 101-F, has been withdrawn and has been replaced with new "economic" contract, Form 101-G. The insuring clause has been broadened and does not have restrictions on diseases peculiar to women. "Premium reduction income contract," Form 555-A, is replaced with new Form No. 555-B, in which the premium reduction provision has been eliminated and the coverage extended to 100 months aggregate disability indemnity. New "gold seal non-cancellable," Form 114-B, has been released. It is similar to Form 114-C but provides seven-day elimination for illness, with 24 months aggregate disability indemnity provision. The "modern non-occupational" income policy is a contract with premium of \$1.20 monthly to cover disability not included in workmen's compensation.

This company also issues the "educator's guarantor," Form 107-C, with \$100 monthly indemnity for both accident and illness. It is sold with no elimination or seven or 15-day elimination period. Premium for men, ages 18-54, and women, ages 18-59, is \$14 with no elimination period and \$10.50 with 15-day elimination. Premiums increase at older ages; \$1,000 accidental death indemnity may be added at 50 cents quarterly. The policy provides waiver of premium for permanent disability. It pays for total accident disability for 50

months, with two-fifths partial for six months; confining illness 50 months, with two-fifths non-confining for three months. Dismemberment payments are based on monthly indemnity. Policy also contains air travel provision, surgeon's fees for non-disabling injuries, elective indemnities and benefits for blood poisoning.

### Plan Pacific Coast Tieup for Accident-Health Week

SAN FRANCISCO, Nov. 18.—Accident and health clubs of the Pacific Coast are formulating plans for tying in with National Accident & Health Insurance Week April 26-30. E. W. Amos, Massachusetts Bonding, secretary-treasurer of the San Francisco Accident & Health Managers Club, who is Pacific Coast member of the general committee, is stimulating activity and participation of the clubs of Portland, Seattle, Los Angeles and San Francisco. It is expected the Los Angeles club will appoint its 1937 committee immediately following election of new officers and that announcement of appointment of similar committees will be forthcoming from the Portland and Seattle clubs shortly.

G. V. Chandler, General Accident, president of the San Francisco club, has announced that he will again head the 1937 committee as general chairman and that the personnel of the committee will be the same as last year, including George Kemper, Fireman's Fund Indemnity; F. W. Timby, Preferred Accident; T. W. Budlong, Commercial Casualty, and Mr. Amos.

### Reault Is Detroit Speaker

DETROIT, Nov. 18.—Intricacies of the use of an accident table in accident and health insurance were outlined to the Detroit Accident & Health Insurance Club at the November meeting by J. E. Reault, supervisor of the recording and auditing departments of the Mac-cabees and former actuary and deputy commissioner of the Michigan department. J. J. Temple, insurance attorney, introduced Mr. Reault. R. J. Long, Great Northern Life, presided.

Plans for an intensive drive for new members and reinstatements were announced. R. M. Rowland, National Casualty, chairman of the membership committee. R. H. MacKinnon, Massachusetts Bonding, was selected as general chairman for the keno party Nov. 20.

### Stone Is Speaker in Boston

E. C. Stone, United States general manager Employers Liability, addressed the new Boston Accident & Health Association on "Opportunities," stating that the possibilities in accident and health production were never greater; that he finds the public more insurance-conscious and business men no longer can afford to take a chance without protection, due to the increasing tax burden and greater necessity of making a profit. The social security act, he finds, makes the ordinary working man susceptible to the insurance or annuity idea and causes him to realize that he must secure accident coverage so that his protection against unemployment may be complete.

### Speaks on Psychiatry

At the meeting of the Boston Life & Accident Claim Association last Friday the speaker was Dr. Jackson M. Thomas, chief medical officer of the Boston Psychopathic Hospital, who spoke on "Psychiatry in Relation to Insurance Companies."

### Home Office Is Moved

The home office of the Eastern Commercial Travelers Health and Eastern Commercial Travelers Accident, for many years at 77 Franklin street, Boston, has been moved to the Chamber of Commerce building, 80 Federal street. J. S. Whittemore, secretary-treasurer of the two associations, is also secretary

### Gives Address Before Rochester Underwriters



**J. C. HEYER, Newark**  
Vice-President Commercial Casualty and Metropolitan Casualty

of the International Federation of Commercial Travelers Insurance Organizations.

### Address Rochester Club

Paul H. Rogers and Dr. H. M. Stevenson of the accident and health department of the Aetna Life spoke before the Rochester (N. Y.) Accident & Health Club at a luncheon. Both discussed waivers. An open forum brought many questions to the speakers and resulted in a session of unusual practical value.

## COMPENSATION

### Partnership Plan to Evade Silicosis Claims Is Upheld

MADISON, WIS., Nov. 18.—Monument dealers have found a way to get around the rigid provisions of the compensation law in Wisconsin, where the number of silicosis cases has sent the rates sky-rocketing.

Schlimgen Memorials, Inc., of Madison took all its employees into a partnership with the express purpose of evading the law. The industrial commission held that under such a situation employees were independent contractors and exempt from the provisions. Judge Zimmerman of the circuit court reversed this opinion and held it a clumsy attempt to evade the law. The supreme court has reversed Judge Zimmerman and holds that the partnership arrangement is valid.

Under the decision, Jesse B. York of Monroe, who claimed compensation for silicosis, lost an award which circuit court said he should have. The record showed Lucien Schlimgen entered a partnership with York and others in 1932 because he felt he could not continue in business if he had to pay workmen's compensation. The partnership was dissolved two years later.

The supreme court said the purpose of the arrangement was to evade liability, but that it is valid if all the parties agree to the evasion and sign a contract to make it binding. Two justices dissented, declaring the arrangement violated the spirit of the compensation law.

### Drives for "Comp" in Indiana

DETROIT, MICH., Nov. 18.—The Michigan Mutual Liability will make a

### CASUALTY ADJUSTER AVAILABLE

Seeks permanent sound connection—35 years old—17 years liability, compensation, burglary and surety experience—8 years branch manager, Chicago—minimum salary \$250—best of references.

ADDRESS D-87, NATIONAL UNDERWRITER

### CASUALTY CLAIM MAN

Desires connection as Examiner or Branch Claim Manager. Thoroughly experienced in all phases. Opportunity offering good future of primary consideration—location immaterial. Single. Highest type references.

ADDRESS D-89, NATIONAL UNDERWRITER

### Position Wanted

By married man, age 32, university education; 12 years' experience in home office, branch, general agency, special agency work, all casualty lines including long haul trucks; now employed in insurance production middle west.

ADDRESS D-94, NATIONAL UNDERWRITER



# TOTAL LOSS

—but for one man's persistence

"YOU were lucky to get out alive, Jim, but it's tough to have your car wrecked by the flood."

"Certainly was a close squeak," smiled Jim Bassett, "but I'm luckier than you think—and all because *one man* kept at me until he convinced me that old-style automobile insurance is not enough. Thanks to that *one man*, I bought a Comprehensive Policy, which covers fire, theft, flood, windstorm, riot and a raft of other things.

The car is a total loss, but I'm not the loser. My Comprehensive Policy takes care of me."

The *one man* of this story was an F & G FIRE representative—again demonstrating that the agent or broker who persists in selling his clients needed protection is acclaimed for his persistence when a loss occurs.

\* \* \* \*

This is Auto Show month. Write for samples of booklets and folders to help you sell Comprehensive Coverage—now!

Consult your Agent or Broker as you would your Doctor or Lawyer

## F. & G. FIRE

FIDELITY & GUARANTY FIRE CORPORATION affiliated with UNITED STATES FIDELITY & GUARANTY COMPANY



HOME OFFICES

BALTIMORE

## U. S. F. & G.

drive for workmen's compensation business in Indiana, it was disclosed here, following establishment of a compensation service office in connection with the mutual's present branch at Fort Wayne. T. D. Stilwell, long assistant district manager in the Saginaw territory, has been named Indiana state agent for the compensation division.

#### New Road Work Classification

OKLAHOMA CITY, Nov. 18.—The Oklahoma insurance board voted to establish a separate workmen's compensation classification to cover maintenance and upkeep of existing streets and roads

when the work is done by municipalities such as townships, cities, counties and the state. The new classification is to carry a rate of \$5.30. The move was made at the request of the Oklahoma state fund. The law requires that all compensation carried by such municipalities shall be with the state fund.

#### Consider Retrospective Plan

NEW YORK, Nov. 18.—Superintendent Julian of Alabama is considering the retrospective plan for rating workmen's compensation risks at a hearing in Montgomery this week. The same subject will be reviewed by Commissioner Car-

reker of the Georgia department at the Atlanta office Nov. 23. Mr. Carreker will consider the new rate filings for the state at the same time. The retrospective rating plan has now been filed in virtually all of the regulated as well as the non-regulated states by the National Council. Its approval was given by the Oklahoma insurance board.

#### Small Cut in Missouri

JEFFERSON CITY, MO., Nov. 18.—The Missouri insurance department will act within the next 30 days on proposed changes in compensation rates to apply for 1937. J. F. Allebach, deputy

superintendent, said the increased payrolls and decreased industrial accidents should result in a 1 percent cut in compensation rates next year.

## SURETY

### Final N. Y. Fidelity Roundup

Magrath and Lunt Featured in Fourth Conference to Stimulate Production of Line

NEW YORK, Nov. 18.—The fourth and final conference in the present series sponsored by the New York Fidelity Bond Production Campaign will be held here tomorrow morning. J. R. English, vice-president Standard Surety & Casualty, will serve as chairman while addresses will be made by J. J. Magrath, chief of the rating bureau of the insurance department; R. Whitley, agent in charge of the New York City office, federal bureau of investigation of the department of justice, and by E. C. Lunt, vice-president Great American Indemnity. Martin W. Lewis, assistant manager Townner Bureau and chairman of the general committee responsible for the campaign, will summarize its accomplishments.

So successful has the series of conferences proven in inspiring the larger brokerage firms to intensify their efforts to sell fidelity covers and in interesting a number of the smaller brokers to embark in the line, that the prospects are a second series of meetings will be held next spring. The present movement has linked the majority of the fidelity writing companies in a united effort to popularize an important division of their business, and induced the feeling that their other branches could be benefited by the same method.

Nicholas Meyer and George R. Bloomfield were adjudged winners in the prize essay contest conducted by the committee on the theme, "Fidelity Bonds Are Vital." Mr. Meyer receives the \$100 award in the broker and broker employee class, while the \$50 prize in the branch office or general agency employee classification goes to Mr. Bloomfield of the Brooklyn office of the United States Fidelity & Guaranty.

### To Discuss Acquisition Cost

Surety Writing Company Officials Will Hold a Conference With the Agents on the Subject

There will be a meeting of the conference on Acquisition Field Supervision Costs for Fidelity & Surety Business in New York City, Dec. 2, to take up the complaint that was voiced at the meeting of the National Association of Insurance Agents by W. Herbert Stewart of Chicago, chairman of its surety committee, on reduction of commissions on large government contracts whereby the agents bore all the brunt and the companies nothing. Then at the casualty meeting at White Sulphur Springs there was a joint discussion between the companies on one side and a committee from the National Association of Insurance Agents and National Association of Casualty & Surety Underwriters on the other.


At the New York meeting there will be present W. Owen Wilson, president National Association of Insurance Agents; Mr. Stewart, C. A. Abrahamson of Omaha, president National Association of Casualty & Surety Agents, and J. W. Henry of Pittsburgh.

### Set Nebraska Bond Law Hearing

LINCOLN, NEB., Nov. 18.—The Nebraska supreme court has set the case involving the constitutionality of the state bonding act for hearing the week of Dec. 7. The law has been in effect nearly two years, but no attempt

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CAPITAL \$1,000,000.00

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ADMITTED ASSETS \$5,391,516.65



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—Yet, fine tools in the hands of skilled craftsmen, produce perfect engravings.

The services and facilities offered to agents by Standard of Detroit, become fine tools of achievement in the hands of its representatives . . . helping and assisting towards a more perfect service to policyholders and assureds.

Place your business with Standard—an alert, progressive Casualty Insurance and Bonding Company—a staunch supporter of the American Agency System. In 52 years, Standard has paid over \$149,000,000 in claims—has 8300 representatives throughout the Nation and protects over a million persons through some form of Casualty Insurance or Bonds.

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Inspectors and Safety Engineers with an Average Experience of Over 18 Years  
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Casualty and Bonding Underwriters with an Average Experience of Over 14 Years

**STANDARD ACCIDENT INSURANCE COMPANY**

*Standard Service Satisfies*

at enforcement has been made. Both sides agreed to submit the case in final form at the December hearing. This will permit of a decision before the legislature meets, and final disposition before it adjourns.

#### Canadian Safety Congress

An all-Canadian congress dealing with highway safety problems, the first of its kind in Canada, will be held in Ottawa, Nov. 24-26. The Dominion Automobile Safety Council, with headquarters in Montreal, is sponsoring the conference.

Delegates from government, municipal bodies and safety organizations from as far east as Prince Edward Island and as far west as Victoria, B. C., will attend. Executives of insurance companies and industrial corporations will also be in attendance.

#### Plan "No Accident Week"

SAN FRANCISCO, Nov. 18.—Plans for observance of "No Accident Week," Nov. 21-30, have been completed by the Junior Chamber of Commerce. W. F. Zech, Jr., special agent Maryland Casualty, is chairman of the safety committee.

The committee has adopted the slogan, "Risk-Takers Are Accident-Makers," from the more than 1,000 entries.

## NEWS OF CASUALTY COMPANIES

### Company in Very Good Shape

#### Illinois Department Makes Its Report on Examination of the Freeport Motor Casualty

The Illinois department has made a report on its examination of the Freeport Motor Casualty of Freeport, Ill., as of May 1, showing assets \$962,625, loss reserve \$122,958, premium reserve \$231,239, capital \$200,000, net surplus \$294,401. The net surplus, capital stock and contingency reserve, the latter amounting to \$75,000, totaling \$568,381 are over 59 percent of the admitted assets, which the department says is "indicative of a very good financial condition." The report says that the company has experienced a "steady growth and improvement since organization. As of April 30, the cash position was more than adequate to meet its current obligations. Investments held in its portfolio are of a good grade. Apparently there is fair treatment rendered policyholders and its business is efficiently managed." Paul F. Sietz is president and C. P.

Young, secretary-treasurer.

The company is licensed in Illinois and Iowa. The average commission paid agents is 25 percent. The company writes full coverage automobile insurance, the premiums up to May 1 being \$180,976 and total income \$191,463. The losses were \$80,468 and total disbursements \$180,079. For the first four months the percentage of losses incurred to premiums earned was 57.6 percent, expense ratio 48.9 percent. The percent of expenses incurred to gross interest and rents earned was 28.4 percent.

### Madison County Mutual Report

Assets of the Madison County Mutual Automobile of Edwardsville, Ill., as of April 30, 1936, amounted to \$205,750 and net surplus \$124,211, a report of an examination just published by the Illinois department reveals. Insurance Director Palmer states the company must maintain complete information pertaining to losses in its claim files and all settlements must be made with company funds and a proper release obtained. Collision rates should be carefully reviewed and an adjustment made if such

rates prove to be inadequate. Policyholders, according to the examiners, are receiving fair and honest treatment and the company is efficiently managed. The investments are high grade and yield a good return. The company has an unfavorable loss ratio on collision, due primarily to inadequate rates.

Policies are written for a three year term, premiums being collected semi-annually or annually in advance. About 90 percent are written on the semi-annual basis. In addition to the premium—a membership fee of \$12 is charged, the agent retaining \$5.

A discount of 10 percent is allowed to policyholders on fire, theft and collision at the beginning of the second year. At the beginning of the third year there is a discount of 20 percent. The purpose of these discounts is to adjust the value of the automobile, without changing the policy, since it contains an automatic depreciation clause. In event of cancellation, no portion of the membership fee is returnable.

Rates range from 10 to 50 percent below manual.

The policy contract is one of indemnity, but the directors adopted a resolution to comply with a request of the department that all policies shall contain a clause incorporating the provisions of an act concerning the liability of accident and casualty carriers.

The maximum contingent liability of policyholders in any one policy year, is limited to one time the annual cash premium.

L. H. Kahle is president and J. H. Ladd, secretary.

### Stock Dividend Planned

NEW YORK, Nov. 18.—Shareholders of the Preferred Accident at a special meeting today will pass on the recommendation of directors that capital be increased from \$875,000 to \$1,000,000 through declaration of a stock dividend of one additional share for each seven now held. The Preferred has some 1,200 stockholders. When it was launched in 1893 it had but 16 stockholders.

### Kahn Not a Director

President R. B. Duboc of the Western Casualty & Surety and Western Fire calls attention to the fact that in the report on getting the Western Casualty to enter New York state, it was stated that Isidor Kahn, a director, had proposed to write bail bonds and taxicab business but was turned down. As a matter of fact, Mr. Kahn is not a director. He appeared at the meeting of the board through his attorney. Mr. Kahn was a candidate for director but was turned down by an overwhelming vote of the stockholders. He is a stockholder but has never been elected a director.

### National Mutual in Texas

The National Mutual Casualty of Tulsa, Okla., has been licensed in Texas to write workmen's compensation, general casualty and liability. Its business in that state will be handled through a new district office at Dallas. J. A. Frates, Jr., is president. Glen Harrison, formerly with the Oklahoma industrial commission, has been appointed assistant to F. H. Lindsey, supervisor of claims.

### Standard Accident Figures

The Standard Accident as of Oct. 1 shows assets \$20,309,513, increase \$2,013,140 since Jan. 1; surplus \$1,814,333, increase \$256,311. The unearned premiums amounted to \$6,380,368, increase \$842,918. The claim reserves are \$8,361,759, increase \$1,048,171.

Continental, Inc., of Seattle, which has several other departments such as real estate, loans, etc., as well as insurance, was incorrectly referred to in a recent issue as the Continental Insurance Agency. Orrin L. Madison is manager of the insurance department.

"The Time Saver helps. We close quite a lot of accident and health sales," says one user. Write for descriptive folder to this magazine.

AS DEEPLY ROOTED

and

AS STURDY

as an OAK

established 1897

*Continental*  
CASUALTY COMPANY  
CHICAGO, ILLINOIS

Affiliated with

CONTINENTAL ASSURANCE COMPANY

## Reach Agreement on O. D. Assigned Risks in Illinois

### NOW UP TO THE COMPANIES

#### About 250 Risks Awaiting Assignment, Practically All With Silicosis Complications.

Assigned risks on occupational disease compensation were the subject of a new conference in Chicago this week between representatives of the companies and the Illinois industrial commission. There are said to be about 250 risks awaiting assignment, practically all with silicosis complications.

While the company committee and the industrial commission worked out a plan acceptable to those at the sessions, it must still be accepted by the companies. The original proposal was binding upon the companies only in case it was accepted by all of those writing compensation insurance in Illinois. The General Accident has agreed to go along, but apparently there are going to be some small holdouts. The agreement clause has had to be modified to provide for the holdouts, and this modification must be accepted. Then the change in the terms of the assignment rules will have to go back to the companies.

The original proposal allowed the assigned company to require physical examinations and indemnity from employers. This was unsatisfactory to P. J. Angsten, chairman of the industrial commission. He has been working for some time to secure modifications. While the new rules do not go as far as he wished it is understood that the flat requirements of medical examinations of impaired employees and indemnity by employers have been stricken off, with a measure of bargaining left open between the assigned company and the employer.

It is understood that the principal difficulties are on the smaller risks with high hazards, and excessive accumulated exposure. Take a stonecutting risk with five employees who have been working for the same employer for 20 years. Examination would show two of the five in the second stage of silicosis. Each case may represent a loss of \$4,000 or \$4,500. Indemnity required of the employer would come to \$8,000 or \$9,000. If the payroll was \$6,000, an \$8 rate would bring the premium up to \$500 a year. The employer would practically be paying \$500 a year for three employees, because two are already impaired and covered by his indemnity.

Some of the risks have not even been carrying the accident compensation insurance. They were neither insured nor self-insured, but strictly uninsured. With the occupational disease compensation in force they are hit pretty hard because of accumulated impairments.

Employers who did not discharge their impaired employees before Oct. 1 are stuck with the liability for O. D. compensation. Unless they can get insurance they are in a bad situation, but the insurance companies are unwilling to assume impairments developed in previous years, for which they got no premium. It is this accumulated exposure that makes the assigned risk problem so difficult.

Employers have 60 days from Oct. 1 to take from impaired employees, waivers of one-half the O. D. indemnity. These waivers, however, must be approved by the industrial commission, and apply only where there is medical evidence of existing impairment.

The National Council on Compensation Insurance was represented by G. V. Fuller, secretary. Others at the Chicago conference were John A. Donovan, Employers Liability, L. J. Kempf, Travelers, and T. J. Roche, U. S. F. & G.

#### Seattle Company's New Officers

SEATTLE, Nov. 18.—New officers of the Public Service Life, Health & Acci-

dent include C. H. Leber, president; C. H. Hurlburt of Tacoma, vice-president; M. G. Brookshire, secretary, and K. N. Jackson, treasurer.

President C. M. Magnuson and Vice-president John M. Magnuson recently retired from the company.

#### Birthday Fete for Callender

United States Manager Henry Collins of the Ocean Accident was in Chicago this week for the function in observance of the seventieth birthday anniversary of Chicago Manager J. E. Callender.

## U. S. F. & G. Will Retire Entire Preferred Issue

BALTIMORE, Nov. 18.—Due to increased business, the directors of the U. S. F. & G. decided at a meeting today to redeem and retire out of earnings the entire issue of cumulative preferred stock by the payment in cash of \$4,000,000.

The preferred stock, consisting of 800,000 shares, par value \$1, was issued

at \$5 a share in 1934 and purchased by the Reconstruction Finance Corporation, of which \$800,000 went to capital and \$3,200,000 was credited to surplus.

President E. Asbury Davis stated that additions made to surplus since the preferred stock was first issued in 1934 had been in excess of the amount of the preferred obligation, \$4,000,000, and that the company's ability to redeem this stock without the necessity of any refinancing was indication of the improvement in its business.



## UNSEEN FORCES

Each of us lives under the stress and strain of forces unseen by others—sometimes unrealized by ourselves. The pressure of modern life intensifies the effect upon our minds and bodies.

Most, by virtue of natural strength, good fortune and sound training, survive triumphantly. But a percentage lack the stamina to withstand these forces. Under the strain of temptation and opportunity, they succumb. Another defalcation

occurs. Another business may be ruined.

But the dwellers in National Surety Town are secure against the effect of individual breakdowns. When loss occurs, their business goes on—their jobs are secure. They are protected by National Surety fidelity bonds.

National Surety representatives everywhere—themselves picked men—are selling fidelity bonds and blanket bonds; plus protection against burglary, forgery, and many other dangers.

**NATIONAL SURETY CORPORATION**  
VINCENT CULLEN, PRESIDENT  
*New York*

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## Possibilities in Casualty Lines

(CONTINUED FROM PAGE 47)

tomobile, fidelity, plate glass, surety, burglary, boiler and machinery. He made some suggestions along production lines as follows:

"1. Take stock of your own desire to go forward and definitely conclude that a success program calls for work, and plenty of it.

"2. Perfect a workable production plan and see to it that you work the plan.

"3. Audit your ledger accounts for the purpose of learning loss of clients' business that had been on your books since 1930, and make it your duty to recover it.

"4. Consider it an obligation on your part to at least recommend to your present clients protection against all hazards of loss, even though it take all 57 kinds, thereby avoiding embarrassment in event of a loss occurring with no insurance.

"5. Work everlastingly and with every ounce of determination to provide complete and adequate insurance protection for all who evidence confidence in your profession.

### Five New Interviews

"6. Organize yourself so as to make possible at least five new interviews (not calls) daily, and this means six days a week.

"7. Concentrate on the lines of business that compensate you best for your efforts.

"8. Build with business that carries

the highest percentage of renewal advantage.

"9. Have some regard for your company, because when all is said and done, their confidence in you is truly a factor in your success.

"10. Remember your commission is not earned by delivery of policy and collection of premium.

"11. Make it your business to gain the reputation so the public refer to you as 'the' insurance man of Rochester and not as a man in the insurance business."

A merit rating plan was urged by Judge Jacob Zitelman to reward automobile policyholders not incurring claims. He would also give a credit to careful automobile owners in paying state license fees.

## New York Group in Study of Auto Law

(CONTINUED FROM PAGE 47)

stament plan have a special interest in seeing purchasers carry adequate liability insurance, in that a car involved in an accident, if its driver be held at fault, cannot be used by anyone until his ability to discharge assessed damages is demonstrated.

Financial responsibility laws are in force in 29 states and territories of the United States, and in eight of the nine Canadian provinces. Massachusetts is the only state having a compulsory automobile liability insurance statute, however, and no Canadian province has such legislation in force.

## Pacific Mutual Is Still Dragging Along in Court

(CONTINUED FROM PAGE 46)

ment and his official action in taking over the company and declared that the Pacific Mutual never was insolvent. Judge Willis said that where an attorney indulged in personalities, his advice and counsel was no longer helpful to the court. Attorney McKeavitt of San Francisco, representing some policyholders there, was denied a motion by the court to upset the whole proceedings, have the new company declared illegal, have Commissioner Carpenter desist from writing new business by the new company and have all the assets of the old company turned back to the commissioner as conservator until such time as the litigation can be determined.

### Upholds California Plan

Attorney McKeavitt held that the new company up to Oct. 19 had written \$6,760,000 new business at acquisition cost of \$130,000. Attorney Doherty representing New York policyholders in cross-examining Actuary Breiby sought to show that under the proposed plan the company would be subject to political management since the insurance commissioner is an appointee of the governor. Mr. Breiby testified that frequent change in management was bad for any company but he had no reason to believe anything but good management would result under California conditions.

### Attorney General's Statement

Mr. Breiby concluded his testimony on Tuesday. The insurance commissioner moved to close his case. Then Attorney-general Webb caused a sensation when he said the company was not in liquidation, that the court could not consider any plan to buy or reinsure the company and the court had only one thing to do which is to approve a plan presented by the commissioner that satisfies the statutes; that under the law the commissioner was compelled to offer a plan and had done so, and that no offer to buy or reinsure could enter the picture.

General Agent Joseph Gantz of Cincinnati testified that his agency could sell insurance under the commissioner's plan and had been doing so.

Attorneys for the Trans-America group announced that they would have

## CHANGES

### Iowa Mutual Liability Staff Reorganized; Mills in Charge

The home office staff of the Iowa Mutual Liability, Cedar Rapids, Ia., has been reorganized, H. L. Nehls, manager and secretary-treasurer, having resigned. Ray J. Mills, claims manager of the Iowa Mutual Liability and Preferred Class Mutual was appointed general manager and secretary of both companies and assumed his duties immediately. S. E. Coquillette, president Merchants National Bank of Cedar Rapids, was elected treasurer of the Iowa Mutual and is also a director, as is Mr. Mills.

### Mr. Mills' Experience

Mr. Mills has been with the company since 1920, being a native Iowan, born at Anamosa in 1893. He has lived in Cedar Rapids for 20 years. He formerly was assistant city attorney at Cedar Rapids and also practiced law there. He is a graduate of the University of Michigan.

No other changes in the official staff were made, John Hanson of Waterloo remaining president and R. D. Taylor of Cedar Rapids vice-president. The board also includes Dr. D. E. Beardsley, A. E. Chase and L. P. Davis.

W. L. Dutton, formerly assistant claims manager, has been advanced to general claims manager.

### Shifts in Safety Division

J. H. Leineke, safety engineer in the midwestern division branch office of the Fireman's Fund Indemnity in Chicago for five years, has been transferred to the engineering department at the head office in San Francisco. C. D. Clevenger has been appointed his successor at Chicago, assisting John Pabst, manager of the mid-western division. Mr. Clevenger was connected with the Hartford Accident for about six years, then with the American Mutual for a year and goes to the Fireman's Fund Indemnity from the Bankers Indemnity. Mr. Leineke has had many years' experience in the engineering line and was instrumental in organizing the Casualty Engineers Association of Chicago.

### Takes on Massachusetts Bonding

The Baglin Agency of Hartford, directed by Charles E. and Carrie E. Baglin, has become agency director in Hartford, Tolland and Windham counties, Conn., not exclusive, for the Massachusetts Bonding. For the past 33 years it has represented the Massachusetts Accident.

### Karr Fills Vacancy

William Karr has been appointed by the New Amsterdam Casualty in Chicago to succeed J. D. Campbell, 42, fidelity and surety claims adjuster, who died a few days ago from cancer. Mr. Karr formerly was with the National Surety in Chicago.

### Would Protect the Faculty

NEW YORK, Nov. 18.—Liability insurance protecting principals and teachers against damages for accidents suffered by students during school activities was advocated by the New York State School Boards Association at its

L. M. Giannini, president of the Occidental Life, take the stand to explain his plan.

The court completely exonerated Commissioner Carpenter of any blame in the action of the Prudential in recalling to its head office Eric Lundgren of the actuarial staff. Mr. Carpenter presented correspondence in the matter showing the Prudential had been anxious for some time to get Mr. Lundgren back to their home office.

annual convention. It was pointed out that while a measure safeguarding both principals and teachers in such connection was considered at the latest session of the legislature, it failed of enactment.

### Many Companies Have 100% Glass Loss Ratio in Chicago

Those handling plate glass business are becoming increasingly exasperated because of the experience in Chicago. Many of the companies have a loss ratio of 100 percent or more for the year on this line, which is generally regarded as the most profitable of all casualty coverages. Early in the year there was an unusual number of losses due to the extreme cold weather. Now, many of the breaks are malicious. The rumor is that the glaziers are breaking glass to make work for themselves.

Since the time that there has been any change in the plate glass insurance rates in Chicago, there have been two increases in the cost of glass, totaling in the neighborhood of 40 percent and an increase in the setting charges due to the union requirements that an extra man must be used on each job.

### Abandon Increase Idea

The idea of increasing the plate glass insurance rates has been discussed but has been abandoned, for one thing, on the theory that if the insurance rates were increased, the glass companies would follow immediately with an increase in the price of glass and nothing would be gained.

Some of the conference companies are in favor of standing the punishment in the belief that the non-conference companies and particularly those writing the so-called 50-50 policy will be punished to an even greater extent.

A number of companies state that they would like to cease writing glass business in Chicago and may take such a drastic step. However, plate glass is now an accommodation line in Chicago and companies feel that if they did not write the business, they would lose desirable business such as compensation.

There is some hope that, as new construction is started, the glaziers may be kept so busy, it will not be necessary for them to break windows.

There seems to be little likelihood of the conference companies increasing the price of plate glass insurance in Cook county. In April of this year, at a meeting for discussion of the question whether to authorize use of the 50-50 policy in Chicago, a committee was appointed to determine the feasibility of reducing the plate glass insurance rates in Cook county as a means of disciplining those conference companies and the non-conference companies that are issuing the 50-50 form. Apparently the committee decided against reducing the rate, but it is not likely that the rates will be increased. The fact is that one or two of the conference companies have been issuing the 50-50 policy and are selling a large volume of it. Efforts to force them to desist have been futile.

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COMMERCIAL STANDARD  
INSURANCE COMPANY  
FORT WORTH, TEXAS

## MONOPOLISTIC FUNDS ARE WARNING

(CONTINUED FROM PAGE 47)

but according to its own publications, the largest carrier of workmen's compensation insurance in the country, Mr. Greene said that having been in business for more than 24 years and with all its business concentrated within a single state, the Ohio fund should be as good as the best from every standpoint.

Nevertheless, the Ohio fund was severely criticized less than two years ago by an investigating committee appointed by the governor, which found evidences of political influence, lack of constructive and intelligent development, loose, irregular and unsuitable methods, inadequate investigation of all facts concerning injuries, resulting in delays and unnecessary cost, inefficient and unsatisfactory medical examinations and investigations, victimizing of disabled workers and consequent employment of counsel by them, loss of money through inadequate and incompetent administrative staff members and a general necessity for the fund to be made as efficient as a private business would be.

### Sees No Premium Saving

"One of the strongest reasons advanced for state monopoly of compensation insurance is a supposed premium saving to the employer which is to be passed along to the employee in the form of higher wages or a more liberal administration of the compensation act," said Mr. Greene. "We find scant evidence of the latter in these reports, for when the injured employee is receiving adequate medical attention and is also getting his compensation check promptly he seldom goes to the expense of employing counsel. But regardless of this, has the employer benefited by the Ohio plan in his premium cost? Contrary to what may be the general impression, it is by no means certain that he has."

Making a rough comparison on the basis of "pure premium" (losses incurred per \$100 payroll) for Massachusetts, New York and New Jersey, Mr. Greene pointed out that Massachusetts had a figure of 68 cents, New York 86 cents, New Jersey 89 cents and Ohio \$1.20. Lest such a crude comparison might be inaccurate, Mr. Greene compared the experience of 22 out of the 40 Ohio class groups with the experience of the other three states for corresponding industry schedules. These 22 Ohio groups represent about two-thirds of the total Ohio payroll.

### Ohio Loss Cost High

The net result of this more refined method of comparison indicated that for the period under consideration, 1929-1933, the Ohio loss cost was about 38 percent above the standard of the three eastern states.

"That this last conclusion will be surprising to some may probably be accounted for by the fact that some years ago a comparison was made between Ohio premium rates and New York pure premiums," Mr. Greene explained.

### No Lack of Liberality

"In this comparison indicating Ohio cost to be 38 percent above normal, differences in benefit scales and in industry types have been eliminated, so that the difference remaining can only be due to other things, such as the frequency and severity of accidents, the type of medical care, the type of claims administration, etc. It cannot be due to illiberal claims administration in the eastern states, for New York is not illiberal. Yet the pure premiums for New York alone (adjusted to the Ohio law level) when applied to the Ohio payrolls, produced an even smaller total of projected losses than that based on the tri-state experience.

"Failure to obtain full payrolls may be a factor (not a comforting one to the Ohio employer who has reported his payroll correctly) but the recent Ohio senate sub-committee report says that

'the loss from this source was a very minor factor in depleting the fund but not at all comparable to loss incurred through selling of the insurance below cost.'

"The clear implication is, rather, that the fund has failed on the constructive side of compensation, that is, in the prevention of accidents, in the prompt and adequate treatment of injuries, and in the ultimate rehabilitation of the workmen.

"Of course, the Ohio employer pays the fund only for the pure compensation benefits, for the state takes care of everything else, whereas the employers insured privately pay their carriers enough to cover overhead, acquisition cost, claims handling cost, and taxes. Even so, it is doubtful if in practice the latter employers as a group pay net much more than 138 percent of the benefits for their compensation insurance. The average excess payment, if any, is small, and it would appear to be an exceptional investment. Evidently the Ohio employers as a class are not through when they pay their compensation premiums, for they still have to support service bureaus, and pay taxes to maintain the fund administration, and fill the gap in the state's revenues occasioned by failure to collect taxes from the fund.

### Hits Employer and Worker

"But whichever way the difference in the employer's direct outlay falls, these figures imply that if hidden costs are taken into account, the Ohio plan must be costly to employer and employee alike. Thirty-eight percent more compensation dollars incurred means 38 percent more death and disability. Too many and too serious accidents, and unduly prolonged disabilities, injure the employer through interrupted production, labor turnover, and disturbed morale—and to the normal employee, health and earning capacity are worth more than compensation.

"If, as it appears, the Ohio fund, the largest of the state compensation monopolies, has failed to render efficient and equitable service to employer and employee, if it has been and still may be in precarious financial condition, if directly and indirectly it has cost the people of Ohio dearly in money, life, health and good will, what justification can there be for any state's initiating or continuing such an experiment in the workmen's compensation field, the automobile liability field, or any other field which can be served by private insurance.

### Three Possible Motives

"Unless the evidence here presented can be refuted, I can think of only three possible motives for such a course, namely, politics, blind prejudice, and anxiety over the problem of the 'rejected risk.' The last of these is the only motive deserving of our consideration, and certainly this problem is soluble through private insurance channels provided state authority will adopt the socially sound plan of permitting the companies as a group to carry 'rejected risks' at their full aggregate cost.

"Regardless of how some may construe the verdict of Nov. 3, I believe that our national temperament favors a wholesome balance between courageous, resourceful, private enterprise and conservative, constructive governmental regulation. The record of the monopolistic state fund experiment only confirms the wisdom of this attitude. Unfortunately, as long as state managed monopoly persists, it sets a dangerous example before legislators, and one that may be followed not only as regards insurance, but in other fields as well. Not merely the insurance business but the American public at large should be made acquainted with the facts concerning this exotic institution in order that repetition of a false step may be avoided."

## PERSONALS

C. W. Fellows, president Associated Indemnity, will leave San Francisco about Nov. 24 for an eastern trip, visiting Chicago, Philadelphia, and New York, and arranging for entry in additional states.

The intended marriage of Miss Anna B. Stoddard, daughter of Col. F. R. Stoddard of New York, and Mrs. Stoddard, to R. W. Hurry of Hempstead,

L. I., Dec. 5, will interest many insurance folk. Colonel Stoddard was superintendent of insurance of the Empire State a number of years ago, and for the past five years, in addition to an extensive law practice, has been serving as arbitrator for the surety acquisition cost conference in New York City.

Arthur W. Magee, commissioner of the New Jersey motor vehicle department and formerly an insurance man there, was named secretary-treasurer of the American Association of Motor Vehicle Administrators at its convention in Hot Springs, Ark.

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## Leon Senior Heads Casualty Actuaries

(CONTINUED FROM PAGE 45)

less of amount, and not obligate itself to consult an assured as to whether a claim should be contested or settled, Mr. Cahill emphasized. However, sometimes the criticism is expressed by risks written on a deductible basis that the insurance company is settling too many cases, regardless of liability, instead of fighting them, and that a certain portion of the indemnity payments must be borne by the assured because of the deductible coverage feature.

In order to overcome the very natural feeling on the part of the assured that the insurance company is paying out his money in order to decrease the possibility of loss under the insurance coverage, Mr. Cahill suggested that the coverage would be more satisfactory and saleable if it were written to provide that the company and the assured would share equally the portion of any loss lower than a specified amount.

For instance, instead of writing \$250 deductible coverage on a particular risk, it would be provided that the insurance company and the assured would share equally the first \$500 of any indemnity loss and the insurance company would pay in full the portion of any loss in excess of \$500, subject to the policy limits. The maximum loss which the assured might have to stand on any one claim not exceeding the policy limits would still be \$250. Since the insurance company would be obligated to pay at least an equal amount with the assured in the settlement of every claim, it could no longer be accused of needlessly settling claims for amounts within the assured's retention in order to avoid incurring any loss under its portion of the coverage.

The discount for this coinsurance coverage would be 50 percent of the usual discount for deductible coverage equal to the total amount of loss for which the insurance company and the assured are jointly liable. For example, the discount for \$250 deductible coverage for O. L. & T. public liability insurance is 37.5 percent, whereas one-half the discount for \$500 deductible coverage would be 23.8 percent.

Mr. Cahill said he believed this suggestion of writing coinsurance coverage instead of deductible coverage under certain circumstances is of sufficient merit to justify a thorough study of it on the part of committees dealing with rate-making problems for deductible coverages.

Analyzing present methods of graduating the discount for higher amounts of assured's retention apparently does not give an adequate provision for expenses incurred in servicing such risks, Mr. Cahill said. Under the present rate making methods, he said, it is questionable whether an insurance company could actually afford to insure a risk on a deductible basis with the assured's retention of liability approximately \$5,000 per claim. Consideration should be given to the desirability of revising the present method for figuring discounts for the higher amount so as to provide a larger expense allowance. He suggested a formula which would provide this.

The reason why deductible and excess coverages have been given such scant consideration as underwriting tools, outside of the automobile field, is undoubtedly that most casualty insurance men are unfamiliar with them as applied to miscellaneous liability and property damage lines, Mr. Cahill said. Deductible coverage is particularly valuable for lines where there are a great number of small claims and which would be uninsurable on a full coverage basis. However, with the deductible provision, they become good risks.

### Excess Coverage Usually Desirable

Excess coverage also, except for cases involving severe catastrophe hazards, such as oil refining operations or on theaters, may be considered desirable provided the assured's retention is a fairly large amount, Mr. Cahill said. His paper contained formulas used in computing discounts and also his suggested formulas.

Mark Kormes, associate actuary compensation insurance rating board of New York, presented a paper on small risks versus large risks in workmen's compensation insurance. He explained that the loss and expense constants introduced some years ago in New York state and since then in some other states have helped correct the differential existing between the loss ratios for small and large risks, but they have proved inadequate in some industries and have had to be revised upward.

### Studies Being Conducted

Constants do not present the final and only solution of the small risk problem, he said, and pointed out that a number of studies are being conducted at present by the New York board, as for example, test payroll audits on small risks selected at random, and test inspections to determine the propriety of classifications assigned by carriers to such risks. The result of such investigations, together with the future experience will, perhaps, develop some other aspect of the situation not sufficiently recognized, he said.

Following luncheon there was informal discussion of control of medical costs in casualty insurance and retrospective rating for large casualty risks.

Frederick Richardson, United States attorney and managing director General Accident, and Clarence W. Hobbs, special representative of the National Association of Insurance Commissioners to the National Council on Compensation Insurance, spoke at the dinner.

## Must Lower Costs in Casualty Lines

(CONTINUED FROM PAGE 45)

pensation, and on automobile liability with 25 percent permissible the companies paid only 24.2 percent, he reported.

"Insurance, as has often been said," Superintendent Pink stated, "is charged with the public interest. We must all approach it with that conviction and all that it implies. The superintendent of

insurance and the insurance department are both interested in the success of the acquisition cost conferences. We shall be delighted to lend whatever good offices we possess to the furtherance of the purpose for which they were organized. That I think is to hold acquisition cost within limits which are fair to all concerned—to the public, to the producers and to the companies."

## Globe Indemnity Forces on Pacific Coast Celebrate

The 25th anniversary "party" of the Globe Indemnity was held at Del Monte, Cal., with F. J. Williams, general manager Royal-Liverpool group at the head offices in Liverpool; A. Duncan Reid, president; Earnest Heeney, assistant manager in Mexico City, and other high officers in attendance. The high-light was the banquet attended by about 100 officials, associates and company agents and brokers.

T. H. Anderson, retired Pacific Coast manager Royal-Liverpool group, was toastmaster and introduced Mr. Williams, Mr. Reid, H. L. Peart, company attorney; D. W. Pierce, vice-president, and Lou Swezey, vice-president in San Francisco. After formal addresses, agents and executives started a round of present giving, the favored ones being Messrs. Williams, Reid, Anderson, Swezey, and Pierce. Mr. Reid, who frequently has remarked that when he started with the company 25 years ago and walked into what was to be its head office, he did not even have a pencil, received one at the banquet—approximately six feet long, all present autographing the gift. In an informal talk he told how the casualty business has developed to its present day position in finance and industry.

## Missouri Rate Hearing

KANSAS CITY, Nov. 18.—Slight reductions, fairly level for the three major divisions of manufacturer, contractor and store risks, were proposed in the workmen's compensation rates for Missouri at the rate hearing in Jefferson City, by the National Council on Compensation Insurance.

The Associated Industries objected to the marked increase proposed in occupational disease rates; to the proposed limitation of Paragraph 1b, and to revision of the executive officers provision. The group will brief their objections and the council their rebuttals for final action by the Missouri department.

It is hoped the rate changes will be agreed upon and approved to become effective January 1.

## Mutuals Don't Have to File

A dispatch from Oklahoma City reports that the attorney-general of the state has handed down an opinion on the question whether mutual casualty companies must file automobile policy forms and rate schedules. The dispatch states that mutual companies are not required to make this filing. Assistant Insurance Commissioner Petree is quoted as saying the only company to which the attorney general's opinion applies is the State Farm Mutual Auto of Bloomington, Ill.

## Expects Reduction in Oklahoma

OKLAHOMA CITY, Nov. 18.—A further reduction in compensation rates was predicted by Sharpe W. Philpott, secretary of the Oklahoma insurance board, in his annual report. He said that the 55 companies using the standard policy form are showing a satisfactory experience.

## Cut \$90,000 Verdict to \$40,000

NEW YORK, Nov. 18.—Holding the verdict of \$90,000 secured by a chorus girl of this city for injuries sustained in an automobile accident a year or more ago to be excessive, the court of appeals

reduced the award of the trial court to \$40,000, which sum will be paid by the United States Casualty, its net liability, however, being reduced to \$20,000 through reinsurance. The claimant, a guest rider, alleged gross negligence in driving on the part of her host, as a result of which she received facial scars that would prejudice if not entirely prevent her future employment on the stage.

## Deductible Provision in Excess Bond Is Construed

The Oklahoma supreme court has rejected the claim of the First National Bank in Ardmore for recovery under an excess fidelity bond. The bank sought to have added to the losses incurred after the effective date of the bond the losses incurred prior to that date, so as to reach above the deductible amounts in the excess fidelity bonds. The case was National Surety vs. First National Bank in Ardmore et al.

The National Surety and Employers Liability each issued fidelity bonds in the amount of \$50,000, and each had a \$25,000 deductible. About \$22,000 of the total shortage was taken by Thomas, a teller, before the date of the National Surety bond, but less than \$25,000 was taken by him after the date of either of the bonds.

The supreme court held that losses occurring prior to the effective date of the bond could not be added to losses occurring thereafter to make up an amount sufficient to create a liability under the excess bond.

## Adams with North America

Frank L. Adams has been appointed safety inspection engineer for the southern California office in Los Angeles of the Indemnity of North America. He was formerly with the engineering department of the Swett & Crawford agency in Los Angeles and has been in the business since 1925, starting with the International Indemnity.

## Beha Named General Counsel

James A. Beha was elected general counsel and reelected chairman at a joint meeting of the conferences on acquisition and field supervision costs for the casualty, fidelity and surety business. He is now general counsel of the National Bureau of Casualty & Surety Underwriters and the Association of Casualty & Surety Executives.

## Wilson Is Hartford Speaker

HARTFORD, Nov. 18.—Laurence E. Wilson of the engineering department of the Aetna Casualty, spoke at the monthly meeting of the Connecticut Casualty & Surety Association on "Service." He showed how the various departments of a company could improve any risk.

## Judgment in Mutual Failure

Judgment against a group of policyholders of the Indiana Liberty Mutual which failed several years ago was entered by the circuit court at Huntington, Ind., under the assessment feature in their policies. They were held liable for an amount equal to their premium payments. In the group were two school townships in Whitley county, Ind., and a number of individuals presumed to be school bus drivers.

## Ask Large Golf Judgment

NEW YORK, Nov. 18.—For alleged serious injuries claimed to have been received while caddyng upon the Sprain Lake Golf Course in Yonkers, Boetius McGillicuddy, Jr., asks \$19,500 damages from two business men of this city, while his father asks an additional \$3,500 for medical expenses and loss of his son's services.

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